FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Latin America

FBIS-LAT-96-124
Wednesday
26 June 1996

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FBIS-LAT-96-124 *26 June 1996*

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International Affairs: Frei Views EU-Mercosur Accords

PY2606030796 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 26 Jun 96

[Relay by Javier Miranda from the Santiago International Airport — live]

[FBIS Translated Text] President Eduardo Frei returned to the country a few minutes ago after a brief but positive and historic trip to Italy and Argentina.

President Frei was welcomed at the Santiago International Airport with applause and embraces. The highest officials of the country, including the presidents of the Chamber of Deputies and the Senate, ex-President Patricio Aylwin, the entire cabinet, ambassadors, and other officials expressed their support for the president after the historic Chilean association with Mercosur [Common Market of the South]. There was even a toast with champagne to mark this event.

Moreover, President Frei delivered, while at the airport, a brief message to the Chilean people on the importance of the association with Mercosur, which will allow Chilean products to reach a market of about 250 million people.

[Begin Frei recording] I would like to greet all Chileans. We have returned from a truly outstanding trip. In less than five days we signed two agreements of great significance for Chile, for our future in today's world. I felt real pride as a Chilean to be in Florence with the 15 leaders of the European Union, who signed with Chile an agreement that represents a whole new game. A few minutes ago we signed, in San Luis, our incorporation into Mercosur. We are consolidating the project of a country. What does this mean for Chileans? It means that we will have opportunities, potential, and possibilities to achieve in the future important development for all Chileans. [end recording]

This is all the information I have from the airport.

International Affairs: EU-Mercosur Accord Extolled

PY2506025896 Madrid EFE in Spanish 1354 GMT 24 Jun 96

[FBIS Translated Text] Buenos Aires, 24 Jun (EFE) — European Commission Vice President Manuel Marin has emphasized that open regionalism "represents a world-wide trend that will establish itself by the turn of the century" and that the Common Market of the South (Mercosur) "represents the core of" Latin American "integration."

At an entrepreneurial meeting sponsored by the World Economic Forum, or Davos Forum, in Buenos Aires last night, Marin underscored: "Three years ago the EU basically bet on Mercosur, as the EU deemed Mercosur necessary for subregional integration."

Marin said: "It is unrealistic to raise discussions on multilateralism or open regionalism." He confirmed that the EU "has very clearly bet on open regionalism."

Marin emphasized: "This is a good forum for clarifying some misunderstandings that have been cropping up over the past few months in the so-called economic or financial press, which has been emphasizing that the EU is proposing in Latin America an alternative or complementary system to the NAFTA system. This is not so."

In this regard, Marin said the EU is "making efforts to develop differences in systems between Europe and Latin America."

Marin emphasized that "we have never proposed ourselves as an element of contention with or an alternative to the other systems that were raised at the Summit of the Americas" in Miami (U.S.) in 1994. He indicated that the EU "wants to favor subregional integration within the Latin American continent."

Marin noted: "Open regionalism represents a world-wide trend that will establish itself by the turn of the century. Of course, it must abide by the GATT rules and the market rules, guarantee and protect foreign investments, and have dynamic policies."

The European Commission vice president said he understood the "effect" on the economic and financial sectors "of the announcement" of the establishment of a Free Trade Area of the Americas at the Miami "summit," but "it is something very difficult to implement in practice."

Marin recounted that the Latin American finance ministers had been "fascinated" with NAFTA, a bloc formed by the United States, Canada, and Mexico, and that countries that hoped to join NAFTA, such as Chile, "achieved accords" with the EU "first."

Marin pointed out: "This data must be borne in mind for the future." He confirmed the EU decision of "participating in all open regionalism processes that take place."

Marin noted: "Otherwise, it will be very difficult for Europeans to preserve their identity and their system, with a market that barely grows by 3 percent."

Marin said the integration processes require "a certain degree of patience as regards the historical element,"

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since the establishment of a common market "always is hard, difficult, and complicated."

Marin emphasized the prospects for expanding Mercosur, with Chile's impending entry into a free trade zone, which will be joined by Bolivia and, subsequently, Venezuela.

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Inter-American Affairs: Mercosur To Adopt Democracy Clause

PY2506151996 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 22 Jun 96 p A4

[From Jose Casado's "Highlight" column: Anti-Coup, Pro-Carcinogenic Potatoes"]

[FBIS Translated Text] The presidents of Brazil, Argentina, Uruguay, and Paraguay will meet on 26 June to announce two new facts in the Mercosur [Common Market of the South] agreement. One of them is Chile's admission as a partner. The other is the adoption of a clause safeguarding democracy in the region.

They will sign a resolution that establishes the automatic expulsion of any member country in which the democratic system is interrupted.

It is a kind of insurance against coups d'etat. As it is known, anything can be written on paper. It is also known that the first measure that any coupist will take is to tear up papers, beginning with the Constitution. However, the initiative of the presidents should not be scorned. Mainly because the more they commit themselves to democracy, the more they commit to it before the eyes of the people. This is important in this stage in which many are yearning for an authoritarian action such as the one carried out by Peruvian President Alberto Fujimori.

Another good reason is that although one may not believe in witches, they really do exist — at least for the Paraguayans. That is what they have been saying since 22 April when a business dispute among the partners of the local association of economic-political power led President Juan Carlos Wasmosy to remove General Lino Oviedo from his post as Army commander. The Paraguayan political- military confusion was centered on shady business deals on the border with Brazil.

They involve the obstruction of the construction of a second bridge linking Foz do Iguazu [Brazil] with Ciudad del Este [Paraguay], by Oviedo's allies who want to prevent Wasmosy's companies from building the bridge in partnership with the Brazilian construction company Andrade Gutierrez. It involves a unprecedented deal: an investment of a little over $50 million with recuperation expected in three years, in exchange for the collection of tolls on the new bridge as well as the old Friendship Bridge for not less than 30 years, generating a profit of $1.5 billion.

There are also suspicions that some Paraguayan military chiefs and former commanders who are allied with Oviedo may be involved in the South American network of protection of drug and arms trafficking. For months, the U.S. Government has openly made references to them, but without giving names.

During the dispute, Wasmosy and Gen. Oviedo ended by almost placing Paraguay at the brink of a civil war. The president ordered the Air Force to keep its airplanes and to store ammunition on two of his farms. In the middle of the crisis, Wasmosy arrived in Brasilia to ask for Brazilian military intervention in case Oviedo attacked with his troops and tanks. Although Gen. Oviedo was imprisoned a week ago, nothing indicates that Wasmosy will safely arrive at the end of his mandate in 1998.

The concern with democratic stability in Mercosur is therefore understandable. However, some irregularities persist in the real lifes of the citizens of member countries, and the government is blind to them.

For example, since April the Cardoso administration has been centering its best diplomatic efforts on introducing safeguards to democracy in the Mercosur agreement. However it has been incapable of at least examining the dumping of Argentine potatoes treated with the carcinogenic product Isopropyl PhenylCabamate [IPC 1 methylethylphenyl carbamato].

It is a growth inhibitor intensively used on potatoes on Argentine plantations which are being exported at record volumes to Brazil. There are laws prohibiting the sale of food treated with pesticides that are not registered at the Agricultural Ministry. This herbicide has been specifically prohibited since 1980. It is a matter of safeguarding the lives of the Brazilian people.

On the same 22 April when Cardoso learned about the threat to the political stability of Mercosur, the Agriculture Ministry was being warned about the avalanche of Argentine potatoes treated with carcinogenic products.

The Brazilian Government made a great effort in favor of the security of Mercosur. Regarding the protection of the lives of the Brazilian citizens, however, the government acted more bureaucratically and carelessly than Wasmosy did on an April evening, as he wrote his resignation letter at a desk in the U.S. Embassy in Asuncion.

The Agriculture Ministry, through its Vegetable Inspection and Defense Department, simply distributed a circular letter to its offices reporting that "by decision of the Mercosur Vegetable Sanitary Committee," the importation of potatoes is permitted. For diplomatic "reasons", the pesticide used on the potatoes, was not relevant.

Thus, progress is made toward the "consolidation" of the Mercosur. Coups d'etat are prohibited, but the Agriculture Ministry warns: The sale of food treated

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with carcinogenic agents is permitted. The permission is valid only for food imported from Mercosur countries.

Inter-American Affairs: Frei on Association With Mercosur

PY2606010296 Santiago EL MERCURIO in Spanish 25 Jun 96 pp A1, A11

[Article by Maria Jose Errazuriz]

[FBIS Translated Excerpt] [passage omitted] President Eduardo Frei held an informal meeting yesterday with his colleagues of Mercosur [Common Market of the South] and of Bolivia, during which they praised the political will that resolved many problems during the negotiations.

Even though the signing of the agreement means that many of the products traded between Mercosur and Chile will start a process of gradual liberalization, it became clear yesterday that this chapter is not closed.

Frei reiterated that although an agreement was reached advocating equilibrium among all parties, a possible acceleration of the tariff reduction process can be discussed. This issue was already proposed by some Chilean companies.

Frei insisted that no country won or lost in the negotiations.

Brazilian representatives believe nothing prevents decisions to further liberalize the services sector between Chile and Mercosur, which was one of the aspects our country proposed as essential but which was not accepted.

Frei added that once the agreement is in force, the commissions will concentrate on giving more institutionality to Mercosur, which is gradually becoming more necessary due to the interest by other countries to join the group.

The agreement on economic complementation that Chile will sign within the framework of the ALADI [Latin American Integration Association] also includes a Protocol on Physical Integration and a Joint Declaration, which contains the so-called "democratic clause."

This clause, which was proposed by Argentina following a coup attempt in Paraguay some time back, establishes that if a country leaves the democratic path, its rights and obligations with the other countries will be immediately interrupted.

Frei supported the clause, saying that practically all the member countries have democratic regimes. He said it is positive and interesting that "we consolidate our democratic system along with our economic and commercial development."

He added: "When we talk about governability, we are talking about strengthening our institutions, modernizing the state, and bolstering the work of Congress, political parties, and the people's participation."

Foreign Minister Jose Miguel Insulza said the democratic clause will also be submitted to Congress for ratification "to ensure it is a clear commitment of all sectors." [passage omitted]

Inter-American Affairs: Mercosur-Chile Accord Previewed

PY2506143296 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 25 Jun 96

[FBIS Translated Excerpt] President Fernando Henrique Cardoso, who is in Buenos Aires, will leave in a few minutes for the town of San Luis, Argentina, to continue the 10th Meeting of the Common Market of the South, Mercosur.

In San Luis, almost 800 km from Buenos Aires, the Mercosur presidents will sign a free trade accord with Chile today. In addition the Argentine, Brazilian, Paraguayan, and Uruguayan presidents will draft a negotiations schedule for Bolivian admittance into Mercosur.

In President Cardoso's opinion, Chile's admittance to Mercosur is important for the integration and consolidation of the South American continent. [passage omitted]

After July 1996, Brazil will preside over Mercosur. In addition to intensifying negotiations with other countries, such as Venezuela, the integration process will advance in the educational area, through the acknowledgement of diplomas, compatibilization of school curriculums from the elementary school level up, and the teaching of basic Spanish and Portuguese idiomatic expressions in all Mercosur member countries.

Inter-American Affairs: Bolivia-Mercosur Accord Previewed

PY2506153296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1150 GMT 25 Jun 96

[FBIS Translated Excerpt] San Luis, 25 Jun (NA) — The presidents of Argentina, Brazil, Uruguay, and Paraguay will meet here today with the purpose of incorporating Chile and Bolivia into a free trade zone with Mercosur [Common Market of the South] and also to discuss the economic development of the common market.

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The agreement with Chile and Bolivia will be the first signed by these countries, which on 1 January 1995 lifted the custom barriers to turn Mercosur into one of the most important commercial blocs in the world. The bloc has more than 200 million inhabitants.

Negotiations to include Chile, not as a full member because it will not enjoy a customs unity, were concluded during the past few days in Buenos Aires and only at the last minute was it decided to give Bolivia a similar treatment despite the great differences that still prevail among the negotiators of the parties.

President Carlos Menem disclosed in Buenos Aires that Bolivia will also sign the act, although until a few hours ago it was almost a fact that this would not happen until at least 1997.

Bolivian President Gonzalo Sanchez de Lozada also asserted that the signing of the agreement "was almost a fact" although he admitted the difficulties that free trade between the neighboring countries will cause his country.

The Argentine Foreign Ministry defines the agreement with Chile as "four-plus-one rather than five," because this country will not have the same juridical and commercial status as the rest of the Mercosur member countries. [passage omitted]

Inter-American Affairs: Mercosur Approves Bolivia, Chile

PY2506235196 Buenos Aires TELAM in Spanish 2017 GMT 25 Jun 96

[Report by unidentified special correspondent]

[FBIS Translated Text] San Luis, 25 Jun (TELAM) — The presidents of the four Mercosur [Common Market of the South] countries today approved the entry of Chile and Bolivia into a free trade zone with this South American bloc.

Carlos Menem [Argentina], Fernando Henrique Cardoso (Brazil), Juan Carlos Wasmosy (Paraguay), and Julio Maria Sanguinetti (Uruguay) committed themselves to breathe "new life into integration through a mechanism of permanent consultations and agreements."

In the presence of the foreign ministers of the four Mercosur countries, the presidents signed the "Presidential Declaration on Political Talks among the Mercosur Member States" ["Declaracion Presidencial Sobre Dialogo Politico Entre los Estados Miembros del Mercosur"].

The official declaration establishes "a mechanism of political consultations and agreements among the foreign ministers to review domestic and international politics issues."

The Mercosur presidents also signed the so-called Democratic Guarantee Clause [Clausula de Garantia Democratica]. This clause establishes that "the full effectiveness of democratic institutions represents an essential condition for cooperation within Mercosur, as the disruption of a democratic institutional system represents an unacceptable stumbling block for the integration process."

The Mercosur summit's official communique points out: "Chilean President Eduardo Frei and Bolivian President Gonzalo Sanchez de Lozada join the principles and resolutions of this declaration."

The Mercosur presidents met today in the San Luis town of Potrero de Funes to close the 10th Mercosur summit. During this summit Argentina transferred the pro-tempore chairmanship to Brazil.

Headed by the Argentine president, the Mercosur presidents arrived this morning in San Luis aboard the Tango-01 Virgen de Lujan plane.

Following their arrival and the customary honors, they went to a monument dedicated "To the San Luis People for their Independence Efforts" [Al pueblo puntano por la independencia].

Surrounded by a crowd and accompanied by their respective entourages of ministers and foreign ministers, the presidents paid tribute to the San Luis people who cooperated in the independence efforts.

Later the presidents began the summit discussions at the Potrero de Funes International Hotel. Potrero de Funes is a town a few kilometers from the provincial capital.

In the presence of the Chilean and Bolivian presidents, the Mercosur presidents signed the so-called "Declaration on Malvinas [Spratlys]" in which the six states reaffirm their support for "the Argentine Republic's legal rights in the sovereignty dispute over the Malvinas Islands."

The discussions began with a preliminary report by Argentine Foreign Minister Guido Di Tella. The presidential summit, described as "a chat among brothers" by Carlos Menem, followed.

In his opening speech, in which he gives the reasons for holding the presidential summit in San Luis, the president said: "Mercosur is not Buenos Aires, Montevideo, Asuncion, or Brasilia alone. Mercosur involves all our nations."

Buenos Aires Governor Eduardo Duhalde, Santa Fe Governor Jorge Obeid, Mendoza Governor Arturo

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Lafalla, Chaco Governor Angel Rozas, Formosa Governor Gildo Insfran, Corrientes Governor Raul Romero Feris, Misiones Governor Ramon Puerta, San Juan Governor Jorge Escobar, and La Rioja Governor participated in the summit.

Chief of Cabinet Jorge Rodriguez; Economy Minister Domingo Cavallo; Interior Minister Carlos Corach; Alberto Kohan, secretary general of the presidency; and Media Secretary Raul Delgado were among the Argentine officials present at the summit.

Diego Guelar, Argentine ambassador to the EU; Buenos Aires Production Minister Carlos Brown; political personalities; congressmen; and mayors were also present at the summit.

More than 400 journalists from various countries were accredited to report on developments of the 10th Mercosur Presidential Summit.

Inter-American Affairs: Cardoso Assumes Mercosur Presidency

PY2606035596 Sao Paulo AGENCIA ESTADO in Portuguese 2034 GMT 25 Jun 96

[Report by Tania Monteiro]

[FBIS Translated Text] San Luis, Argentina, 25 Jun (AE) — President Fernando Henrique Cardoso today assumed the presidency of the Mercosur [Common Market of the South] for a six-month period, replacing Argentine President Carlos Menem. Two great challenges lie ahead for Cardoso: To definitively associate Chile with the Mercosur, regarding which an agreement was signed today, and to take the first steps toward the association of Bolivia.

The Brazilian president will also make an effort to realize Venezuela's association with the bloc, according to what he promised Venezuelan President Rafael Caldera during a dinner in Itamaraty not long ago. The next Mercosur summit, under the presidency of Cardoso, will take place in Fortaleza in December.

When speaking of his goals, Cardoso said that besides economic integration, he will work to strengthen the educational and cultural ties among the member countries. During a news conference, Cardoso acknowledged the possibility of Mexico becoming associated with the Mercosur through a free trade agreement. "Bolivia will be the next one to join, and I also want Venezuela to accept joining this bloc," Cardoso said as he stressed that the Mercosur is becoming a framework organization in South America.

Cardoso described as "very positive" the association of Chile with the Mercosur through a free trade agreement. "We guaranteed the possibility of exporting cars, trucks, and buses," he said, stressing that "Chile is a country that has made progress in stabilizing its economy and that is capable of even making investments in Brazil." He expressed the belief that this fact facilitates a greater approximation between Chile and Brazil.

Cardoso said that Bolivian President Gonzalo Sanchez de Lozada is very interested in this regional approximation. He pointed out that the Mercosur agreement is a customs unity, but that with Chile and Bolivia it will constitute a free trade zone.

Inter-American Affairs: Di Tella on 'Malvinas Declaration'

PY2606014996 Buenos Aires TELAM in Spanish 2046 GMT 25 Jun 96

[FBIS Translated Excerpt] San Luis, 25 Jun (TELAM) — Foreign Minister Guido Di Tella today thanked the presidents of Mercosur [Common Market of the South] members and partners for their support for Argentina in its dispute over the Malvinas [Spratly] Islands sovereignty.

"We are truly grateful to you for your understanding of this immutable cause involving Argentina's sovereignty over the Malvinas Islands," said Di Tella in his report at the start of the 10th Mercosur Presidential Summit in this province.

Mercosur, Chilean and Bolivian presidents today signed the so-called "Malvinas Declaration," in which the six signatories reaffirm their support for Argentina's legitimate rights to the southern archipelago.

The minister also stressed "the importance of a free trade zone among Mercosur, Chile, and Bolivia," adding that "we are giving a new and very important impetus to integration in the entire Southern Cone."

Di Tella also stressed "the democratic commitment" assumed today by Mercosur members, Chile, and Bolivia when signing the clause of democratic guarantee that will benefit "our entire region."

The clause conditions the benefit of regional integration agreements to the full implementation of democratic institutions in all Mercosur member states and partners.

The foreign minister said: "It is not a matter of extending this regional agreement for the sake of extending it. We must grow together. The GDP has increased by 400 percent since Mercosur was created." [passage omitted]

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Inter-American Affairs: Mercosur on Criminal Assistance

PY2606014096 Buenos Aires TELAM in Spanish 2100 GMT 25 Jun 96

[FBIS Translated Text] San Luis, Argentina, 25 Jun (TELAM) — The foreign ministers of Mercosur [Common Market of the South] member countries today signed a protocol establishing the need for mutual assistance in penal matters, a protocol on civil responsibility in traffic accidents, and a complementary economic agreement between Mercosur and Chile.

The protocols are included in the act of the Common Market Council that deliberated in San Luis within the framework of the 10th Mercosur Presidential Summit.

With respect to the complementary economic agreement between Mercosur and Chile, the official report says: "The decision constitutes formal Common Market Council approval of the agreement signed during the 10th Mercosur Presidential Summit."

The agreement on mutual assistance in penal matters seeks to implement "the commitments by member countries to coordinate their legislations."

The protocol also mentions the many criminal activities that have become international. The document will enable more cooperation in judicial proceedings.

Lastly, the protocol on civilian responsibility in traffic accidents establishes the need for "common norms" in cases of traffic accidents affecting individuals residing in other member countries.

The documents were signed by Argentine Foreign Minister Guido Di Tella, Brazilian Foreign Minister Luiz Felipe Lampreia, Paraguayan Foreign Minister Ruben Melgarejo Lanzoni, and Uruguayan Foreign Minister Alvaro Ramos.

Inter-American Affairs: 'Main Points' of Mercosur Accord

PY2606003496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2148 GMT 25 Jun 96

[FBIS Translated Text] San Luis, 25 Jun (NA) — Here are the main points of the joint declaration released here today at the end of the 10th Mercosur [Common Market of the South] Presidential Summit.

— The presidents express deep satisfaction at the conclusion of the Economic Complementary Agreement with the Republic of Chile, which creates a free trade zone with Mercosur;

— They express satisfaction at the very important progress achieved in negotiations with the Republic of Bolivia, establishing the bases for a free trade agreement;

— They congratulate themselves on the progress achieved in negotiations with the other ALADI [Latin American Integration Association] members and confirm that the conclusion of these negotiations before 31 December is a priority for Mercosur;

— They agree to promote closer ties with Central American and Caribbean countries, seeking to increase economic and commercial relations;

— They reiterate the importance for Mercosur of the framework agreement for economic and commercial cooperation with the EU;

— They stress the importance of the declaration signed by the presidents of the six countries attending the summit, reaffirming their support for Argentina's legitimate rights in the dispute over the sovereignty of the Malvinas Islands;

— They stress the political importance of the Presidential Declaration on Democratic Commitments in Mercosur, which is a profound agreement on the importance of democratic institutions as an indispensable condition for Mercosur's existence and development.

— They view the importance of wider dissemination of information on Mercosur, stressing the need to coordinate efforts by competent official information agencies and to promote the full participation of private social communication systems in this effort;

— They reaffirmed their full support for democratic principles and institutions, the state of law, and respect for human rights and basic freedoms;

— They express deep recognition for the work by Argentina in the first half of 1996, during which it occupied the pro tempore presidency of Mercosur, stressing that the achievements reached by Mercosur confirm the hope and trust in the region's future;

— The presidents reaffirm the commitment of full respect for the principles established in the Ouro Preto Protocol and support the efficient development of Ouro Preto institutions. They consider very important the rapid incorporation of regional juridical regimes and the norms and regulations derived from Mercosur organs.

Inter-American Affairs: Mercosur Heads Hold News Conference

PY2606120196 Buenos Aires TELAM in Spanish 0018 GMT 26 Jun 96

[FBIS Translated Text] San Luis, 25 Jun (TELAM) — The presidents of Mercosur [Common Market of

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the South] member countries and Chile and Bolivia confirmed today their commitment to consolidate the regional integration process and strengthen the creation of a future free trade zone from Alaska to Tierra del Fuego.

"We are building this reality called Mercosur based on a strong and definitive political will that is leading us to strengthen other processes such as the continent's integration as defined at the Summit of the Americas in Miami," said President Carlos Menem during a news conference.

The heads of state of Argentina, Brazil, Paraguay, Uruguay, Chile, and Bolivia held a news conference at the end of the 10th Mercosur Presidential Summit at the International Hotel in the San Luis settlement of Potrero de los Funes.

Menem was the first president to answer a question by reporters, who had to hold a drawing before the news conference because it was established that they could only pose two questions per country.

With respect to the support granted by Mercosur member countries and Bolivia and Chile to Argentina's claim of sovereignty over the Malvinas Islands, Menem said that "this support does not have reservations and will facilitate the consolidation of the overall support for Argentina's claim of sovereignty over the Malvinas Islands through diplomatic means."

"This support is very strong and will undoubtedly generate a broader debate at the United Nations. This decision will not only benefit Argentina, but also those countries still suffering from colonial practices," Menem said.

The six presidents were seated along a table with their foreign and economy ministers. They were in a good mood, occasionally joking as they answered reporters' questions.

Cardoso gave ample details of Chile's entry into a free trade zone with Mercosur, pointing out that "Mercosur has the firm political will of its four member countries to strengthen this space and then expand it to include other countries."

"Today is Chile's turn and soon we will do the same thing with Bolivia and probably Venezuela, based on the wishes expressed in this regard by President Rafael Caldera," Cardoso said.

Chilean President Eduardo Frei stressed that "this agreement revalidates a common history. Mercosur is the key. This integration failed many times in the past, but today it is a reality."

"All countries have the will to integrate, which has been confirmed by this agreement we have just signed. We have seen a growth of Chilean entrepreneurial trust in the entire Southern Cone, so much so that 100 percent of Chilean investments are concentrated in Mercosur countries, particularly Argentina and Brazil," Frei emphasized.

Frei added that "the matter is no longer a discussion over tariffs, but over a will to integrate our nations, to show the world that we are capable of improving the quality of life of our peoples and putting an end to the scourge of poverty."

At this point, President Menem interrupted to add that "Mercosur has increased its exports from $60 billion to $120 billion, which shows that we are a credible reality."

The Brazilian president was asked whether Bolivia's entry into the free trade zone could have an influence on Andean Pact negotiations. Bolivia is a member of that pact. Cardoso said: "I hope not, because Bolivia has autonomy to choose what best suits its interests."

Bolivian President Gonzalo Sanchez de Lozada pointed out that "we talked with the Andean Community. We are a member of that community and we communicated to our partners our decision to join a free trade zone with Mercosur."

"The problem is that Bolivia also belongs to the Amazon region, the Pacific region, and the River Plate region. We have a common history. Today we are like the story of 'Dona Flor,' who had two husbands," Sanchez de Lozada said, causing laughter among those present.

A reporter asked Cardoso whether Mercosur and its partners were willing to propose a clause to fight corruption, and Cardoso responded: "I do not see why not, although the idea has still not been proposed. However, if we had to we will."

Cardoso closed the conference with another joke: "I am in the minority and, therefore, I will close this conference in Portuguese," adding "Good night, and thank you" [preceding words in quotation marks in Portuguese].

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Cuba

Cuba: Alarcon Holds News Conference on ICAO Report

PA2606011996 Havana Radio Rebelde Network in Spanish 1405 GMT 24 Jun 96

[News conference by Ricardo Alarcon, president of the National Assembly of the People's Government, with unidentified moderator and local and foreign reporters, at the International Press Center in Havana — live]

[FBIS Translated Excerpt] [Alarcon] Good morning. I usually try to give brief introductions so that we can have more time to answer your questions. This time, however, I ask you to forgive me if my introduction takes somewhat longer than usual. However, I believe this is indispensable to be able to explain some aspects which I believe require an appropriate presentation.

First, let's begin with the background information. On 6 March 1996, the ICAO [International Civil Aviation Organization] Council decided to task its secretariat with conducting an investigation into the 24 February incident and all its aspects, considering all the factors that led to it. This report was to be submitted to the ICAO Council for discussion 60 days later, that is, on 6 May 1996.

On 6 May 1996, the ICAO Council held a meeting in Montreal and received this brief report, [words indistinct] was a brief one. The meeting held by the ICAO Council was considered a meeting behind closed doors. The report contained, exclusively, a description of what the investigative commission had done in two months.

In other words, back then, this report did not include the results of the investigation, but only described what the investigative commission had done or had tried to do during its mandate. This report basically outlined what the commission did in Cuba and the United States.

In Paragraph 3.11, the report describes the actions taken by the investigative commission in Cuba, and it indicates the following: The commission visited Cuba from 24 to 31 March 1996. This paragraph goes on: Up to 30 March 1996, the Cuban authorities had fully complied with all the requests made by the commission regarding interviews, statements, civilian and military data, documents and letters, as well as records and transcripts of the communications.

Subsequently, the commission outlines a list of the things it received in the Republic of Cuba.

I will read a few: Interviews and statements by the civilian and military personnel involved in the incident; interviews and statements by the witnesses; and records and transcripts of communications. The report goes on to list details about the aircraft, the pertinent records, procedures, diagrams, letters, and so on and so forth.

In Paragraph 3.2, the United States points out that the commission visited the United States on two occasions: The city of Washington from 2 through 4 April, and the city of Miami from 14 through 19 April. The ICAO team was provided with the following:

An interview — in the singular — with the pilot of the third aircraft; details on the observations and actions of the Coast Guard and the Air Force; details on the surface vessels that were in the area; details, etc., etc., and thus it continues until another paragraph, that only exists for the U.S. visit, proceeds to describe what the commission has not received, what the commission expects to receive in order to complete its report.

Among other things: There is radar data on the incident that was registered by the Caribbean and Southern Florida Regional Operations Center. There is a (?picture) of the radar information on the incident registered by the [words indistinct] in Miami, and the readings of the Air Force in Florida; radar Information on the incident from the International Air Traffic Control of the Navy at Key West; radar information on an aircraft (Orium T-3); radar information on the incident registered in another U.S. unit, etc.

As you can see, one person was interviewed in the United States. They interviewed one witness: the pilot of the plane that returned to Opa Locka, that is, the pilot of the 2506 plane, Mr. Jose Basulto.

Regarding the other elements, they never use the verb to interview in this report or in the more lengthy one that we will comment on later on. It is in the final one that we first see this with regard to the Republic of Cuba. It is only in Cuba where they interviewed persons; in the United States they received information supplied by the officials that they mention in this report.

Take notice that in the Republic of Cuba they received — and I again read the pertinent information — In the Republic of Cuba, they received the registrations and transcripts of communications. None of that is mentioned in the part referent to the United States, because they had not received any transcript of any radio communications.

In view of that situation, the ICAO Council decided to approve the proposal contained in this report, giving an additional month in order to complete the information. It decided it would meet again in the first week of June, at which time the report would be completed. The first week of June went by, and no report was presented, as we all know.

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Finally, on the following Wednesday — which is exactly the last workday of the ICAO Council — the report was presented for discussion.

Between that date in April when they concluded their mission in Miami — 19 April — and the date on which the report finally appeared, other things occurred. This information is found in this document, the famous final document. I do not know if this is meant as a joke, or why this was done, but each one is accompanied by this little piece of paper. I want to point out that the dissemination is restricted specifically to the representatives of the ICAO Council. [words indistinct] there are multiple references to this report that do not come from the ICAO Council, but from other means, all of them (?linked) to the United States of America.

[Passage omitted on Alarcon providing chronological reference to meetings between U.S. and ICAO delegations in Montreal] [Alarcon continues] There are ten questions, ten questions, of the countless that could be posed to the investigating commission.

1. Why did the United States refrain from delivering all the radar and radio communications information they claim to have had, on time to prepare the 6 May report?

2. Why did they delay the delivery of the information thus forcing the ICAO to reschedule the dates when the report was to be evaluated?

3. Why have they never delivered, they refrained from doing it before and have not done it to date, the original tape recordings that included alleged radio transmissions between Cuban intercepting aircraft and the San Antonio Air Base that the United States claims to have?

4. Why has the investigating commission not interviewed, as they did in Cuba last May, those individuals in the United States who allegedly appear in the radio transmissions? As the commission acknowledged in its May report, in Cuba they not only received a transcript of the radio communications, but they also received the original tapes of the transmission and the equipment used to tape the events so that they could, as they were indeed able to do, make sure that no attempts had been made to tamper with the tapes. In addition to that, they were able to spend long hours interviewing personnel at the Air Force base who were responsible for the communications, and the pilots who were at the other side of radio communications. The commission was able to examine the voices, as well as clarify any doubts, etc., etc. Nothing similar to this has been done regarding this allegedly new tape recording which is being presented to the media. Supposedly this tape recording, which no one has seen [as heard], is in the hands of the United States, but the commission members were only allowed the privilege of listening to the cassette which they were not allowed to keep and not even given a copy of. They were not even given a copy of the original recording! Of course, no one from the investigation commission interviewed anyone from the U.S. side involved in the taping of this alleged recording. Neither did the commission come to Cuba and request Cuba to carry out the same inspection it had done in March to repeat it once again in May at a time when the United States claimed that it had recordings of radio communications with other voices and expressions.

5. Why were the alleged main witnesses of events not questioned or interviewed at the site of the events? I repeat, the report states that the commission only interviewed Mr. Basulto. However, this is a report that was drafted in such bad faith that it alludes, on numerous occasions, to what they describe as passengers of the ship Majesty of the Sea, or the crew of an alleged fishing boat that was in the area, a U.S. ship by the way, that claims that the crew witnessed and heard when... [pauses] In other words, everyone heard and saw the same thing, yet the commission failed to question even one witness. At least in these more than 200 pages of information, not once is there reference to a meeting with any witness. There is reference by the commission that information was received in May with respect to some vessels. On the other hand, in Cuba's case they point out that information was received and witnesses were interviewed. In the report [words indistinct] three ships, one was a Norwegian tourism cruise, an alleged fishing vessel which they claim was fishing tuna outside the port of Havana. Our fishermen who routinely fish in the area will be able to reflect on this ironic piece of information provided by our commission friends. In any event, we have an alleged tuna fishing boat in Cuban waters. In addition, we also have a sailing boat whose captain was operating in territory of the Cuban Republic even though he is not Cuban. The commission also received information from this ship. In addition, the commission members were able to extensively interview these people. All of this is mentioned in the report. However, I repeat, the report never once mentions that the commission ever met with one single crew member or passenger of any of the ships. Yet the report reiterates allegations which were evidently delivered by the U.S. authorities with respect to alleged information provided by those alleged witnesses.

6. Why was the report postponed twice? Why the commission, instead of meeting the 6 May deadline or the 6 June deadline, was on 6 May and on 6 June very much behind closed doors somewhere at the ICAO building, meeting not with the ICAO Council but with

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some unidentified U.S. officials to evidently prepare, this is what I have to think, the real report.

7. Why did they omit three entire points from the report they had to present? Let me explain this a bit further. The Chicago Convention has several annexes. One of them, Annex 13, deals with investigations. This annex clearly explains what an ICAO investigation process consists of. This annex has an appendix to establish how reports on ICAO investigations are prepared.

This investigations pattern has been followed by the ICAO in all the investigations it has carried out. It did so when it investigated the case of a South Korean plane [words indistinct]. It did so when it investigated the downing by U.S. military units of an Iranian civilian plane, and it did so with this report, which follows step by step the outline of this appendix, which is the same for everybody. The first point of the first chapter is called Information on Events. Then events are related: the details of the flights, harm to persons, damage to the airplanes, other damages, information on the airplanes, etc.

The second chapter is the so-called analysis; the third chapter is on definitions; and the fourth chapter is recommendations.

The information on Chapter 1 follows step by step the guidelines listed in Annex 13 of the Chicago Convention until it gets to a point that evidently some persons did not find gratifying to introduce.

Everything goes fine up to paragraph, I beg your pardon, not paragraph but Epigraph No. 14 [epigrafe 14]. But there is Epigraph 15 which deals with investigations that have been made. There was no investigation on the U.S. side and the investigations made by the Cuban side, which were supplied to the ICAO gentlemen, were completely omitted in a disrespectful and uncourteous way, I would say. For example, the research made by the Oceanography Department of the Cuban Academy of Science which in those February days had a ship in the waters north of Havana studying currents and other maritime matters, was ignored and this information could be very useful to establish data that could be related to the investigations on the currents in the area on that date. The same is true for investigations made in Havana with regard to the debris of the light planes found in Cuban waters.

Since the U.S. side did not present any investigation, the ICAO commission simply decided not to consider this aspect of the Chicago Convention's appendix.

Another [words indistinct] is one to which the Chicago Convention attributes much importance. It is called Organic and Administrative Information. That is, according to the ICAO, data must be provided on the entity responsible for the flight. The report on the South Korean airplane incident explains the characteristics of the airline, the flights it had made in that area, the route between New York, Anchorage, and Seoul, the area of the incident over the Soviet Union; the same is done with the Iran Air. But in this case there is no single word in the report about the entity Brothers to the Rescue, which is responsible for the flight, and there is nothing said about previous flights, its structure, financing, etc.

These persons were not [words indistinct] to the ICAO people, but they were using a Miami-style language, saying that they were a voluntary group that devotes itself to saving people, to humanitarian activities, etc., etc.

It omits [words indistinct] what is described in Annex 13 as additional information, and any other relevant, pertinent information related to the incident, which is where, we felt, they should have made a history of the previous flights by the Brothers to the Rescue organization. Those are the only three that they do not comply with, thus abandoning the long-established ICAO practice and without any explanation given until now by them.

8. Why if they waited twice, if they postponed it twice, and they have taken so long to prepare the much-talked-about report, they present it hastily to the Council on the last day of activities of the current period of sessions?

9. Why have they waited for the last minute to give the members of the Council a document already circulating in Miami and Washington, and around the world? Why, if they control the main offices of some of the enterprises you represent, they wait until the last minute to deliver it to the members of the Council, who supposedly [words indistinct] and must give their opinion on it?

In addition to that, why did Professor Tarnoff call a news conference at the White House to further insult the members of the ICAO Council by referring to a document they have still not received; a document that has been withheld from the member-states of the ICAO Council, while they have it? Moreover, they already have the conclusions and the final results. In other words, they have given the final verdict in advance on a report still unknown to the rest, and before it is officially presented to the members of the Council. This action, in addition to gratuitously insulting some 30 sovereign states, shows the desire to create a [word indistinct] internationally precisely to give the impression that the meeting is unnecessary. What is the use of discussing a report that was concealed from them? Why debate it or examine it if the world has already been told

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not only that the report says this or that, but that the ICAO has assumed a specific position. This [words indistinct] announce it to the members of a council who are treated like elementary school students, that what they have to do Wednesday is what Tarnoff announced last Thursday, that they must make a decision that must say this and that.

10. Why did they spend most of the commission's time in secret meetings with U.S. officials? If they want the ICAO Council to resolve in one day, one day, everything contained in a document which has more than 200 pages, the most elemental courtesy requires that the members of the ICAO Council should at least have similar opportunities to the ones given to the state responsible for the incident, in other words, the United States of America. If after 6 May these gentlemen dedicated, as they have publicly admitted, seven long working days to meet with top U.S. Government officials in Montreal, including the two opportunities when they should have met with the ICAO Council, the least a member-state of the OACI Council that respects itself should demand is half that time. They should also receive an explanation as to what the hell they did during so many hours of meetings with U.S. representatives, in addition to eight days in the United States during which, I repeat, according to them they also met with government officials, except for the only interview with a private citizen presented as witness, Jose Basulto. The rest were working sessions, which add up to 15 days in total they dedicated to the U.S. side.

Finally, my last question. Included among so many of the document's omissions, why doesn't the ICAO report the evidence that the investigating committee has regarding the ties between the organization know as Brothers to the Rescue, the U.S. Armed Forces, and U.S. civilian authorities?

In addition to what I have already described, this report also was drafted in a clearly deceitful manner in an attempt to sway the reader's opinion in favor of the version agreed upon by the investigators and the U.S. side. Every time it indicates any information that would confirm or agree with the Cuban position, the report purposively includes the following phrase after the stated information: according to Cuban Authorities.

Sometimes, the report even refers to actions regarding which the United States officials have said the same thing we said, that is, we could also use the U.S. part as a source. In those cases, the ICAO presents the facts as if there existed a controversy between the Cuban authorities and what they objectively would have found. This occurs throughout the entire report.

I don't want to tire you with this. Let us take as example the first page, and you can apply this to all the pages of document, the first page is written in a way which reminds one of an amateur writer who has the hopes of becoming a novelist, or a novice reporter. This is the beginning of the first paragraph: Pilots and followers of Brothers to the Rescue met in the hangar of Opa-Locka Airport on the morning of 24 February. It describes that the pilots received their flight plan to fly that morning. These flight plans belonged to six aircraft that were going to carry out rescue operations of Cuban rafters. It continues to describe the aircraft, etc.

The following paragraph continues: Due to previous commitments of some of the Brothers to the Rescue pilots, the flight scheduled for 1015 hours did not leave on schedule. The pilots returned to the hangar before 1100 hours and decided to have lunch before beginning their flight.

Observe that up to this point it is like a description of proven, known facts. It does not say: according to Brothers to the Rescue, they arrived at such and such a time, according to them they had another commitment, or according to them they decided to have lunch. Everything is reported as fact. It is a shame they did not include the lunch menu, or that they did not confess that one of them was eating with the Brothers to the Rescue, or that an OAS member was with them. According to this, they had another commitment and they went to lunch.

Observe how the line which immediately follows begins: According to Cuban authorities, Cuban radar detected three unidentified aircraft south of the 24th and 25th parallel. When it begins to talk about that Cuban report of that morning, the report makes the observation that this is the version according to the Cuban authorities. The other part, regarding the arrival to the hangar, the description of the flights, that some of them had previous commitments, that they decided to have lunch, is given as proven, verified facts, as if Mr. (Frostel) has been having lunch with Mr. Basulto in Opa-Locka this morning, something we were unawares of until this moment.

Even more interesting is another phrase at the end of the page which refers to the morning flights. At 1040 hours the (?ATC) of Havana questioned the (?RTCC) regarding the presence of unidentified aircraft, etc. In less than 8 minutes, the (?ATC) in Miami replied to Havana the following, which is registered in the two tapes presented: We have checked with the Coast Guard and with everyone we know, and no one is aware of any aircraft belonging to them being present in the area.

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This is not counting the language, the distortion of the language, to which I referred earlier. Since I am on this page, I will not conduct this exercise in all the pages, since I have no plans to abuse you in this manner, I will stop on the first page, but since it was on page one, I wanted to point this out. In less than eight minutes, the Miami authorities said, they were able to check with the Coast Guard, and with the people we know, but they did not say, and this is something we must acknowledge, there was no violation, that there was no aircraft over Havana at that time, they said that nobody knows of any aircraft — that belongs to me — and since we do not know who the Miami official queried, we do not know exactly how many and which ones can be excluded from that characteristic.

Based on that, however, the commission wrapped up the topic of the morning flights because these were not data provided by the commissioners' partners [contertulios] but by government authorities and, therefore, did not require greater analysis. Well, I was telling you that things like this one can be found throughout the report. This selective language makes them ignore, for instance, Cuba's ocean currents investigations. At another time, however, in the conclusions they shamelessly subscribed to Mr. Basulto's theory, whereby he dropped a large number of flyers at an altitude of hundreds of meters, at a distance of over 12 miles, and the wind, as if the wind was also a member of the Brothers to the Rescue, took charge of distributing them all over Cuba.

What scientific verification did the commission make on this matter? How did it corroborate that fact, the possibility that the wind at such distance could have circulated flyers in the air? Nowhere of course, but the conclusions accepted Mr. Basulto's explanation, even though the explanation Mr. Basulto is providing now is not the same one he gave on another occasion. At that time, he said he had flown over Havana. Cuban authorities are not saying this; the U.S. authorities said it last March in a document, which I have discussed with you on other occasions, entitled Order to Cease and Desist that it issued and addressed to Basulto regarding his previous violations.

This means that although they had official information indicating that on that day there were flights over Cuban territory, although they did not make any inquiry to verify if it is possible for the wind to shower the entire Havana Province with flyers, they accepted Basulto's thesis and did not even say according to him or that person. It is presented in the affirmative mode, as a conclusion. This is one of the many examples of the report's bias.

I said, however, in the last question: Why didn't the investigators' mention the proofs they have on the ties between the Brothers to the Rescue and the U.S. Armed Forces and the U.S. government? The document mentioned this on just one occasion; when it mentioned an interview held in Havana with Mr. Roque, Juan Pablo Roque. Juan Pablo Roque explained a little about this, yet they referred to his statement or limited themselves to what Juan Pablo Roque said. Why didn't they mention that they have film material almost an hour long, that I handed to them here, two blocks away from here at the Cuban Civil Aeronautics Building. I personally handed it over to Mr. (Frostel), after showing him on a television set the almost one-hour-long film. What was it about? It was about the activities, the training given by U.S. Air Force officers, headed by an Air Force colonel, to Brothers to the Rescue pilots. They have it. They have the whole thing. I repeat it is almost an hour long. This is not a transcript. This is not version like the North Americans use. It is a live, direct, and real film. By the way, Mr. Roque did not make the film. He appears on the film on several occasions, together with Mr. Basulto and the Yankee officers.

Why, do not they mention, in addition to that, other information we provided them with, and for which the investigators should have found room in those 200... [pauses], let me count, I think the report consists of 240 pages. First, we are not talking about civilian aviation in this case. That is the starting point, which this commission should have mentioned, heeding, first of all, the definition given by the ICAO Secretariat that an airplane is not defined as a civilian one by its design or characteristics but by the mission it performs, the mission it carries out. In this case, if they had taken the trouble not to omit but to cover the points I have explained to you, which they omitted in the format in order to prepare the report, they would have had to mention the background of this organization, which evidently characterizes it as a group devoted to the improper use of aviation, or the abuse of civil aviation, an aspect that can be found exactly at the start of the preamble of the Chicago Convention, since the preamble contains a definition to put an end to or avoid these kinds of danger, which constitutes the ICAO's chief mission.

As for the mission these aircraft performed, perform, they have no relation with civil aviation. There is more. Anybody who knows a little about aviation and can look this up in this manual, which is a little like an encyclopedia of international aviation, I mean Jane's All The World Aircraft, will see that the Cessna 337 is described as an aircraft that can be used for civilian purposes, and then it is called a Cessna 337, or that can be used, as it is says here, as an O2 airplane for

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military purposes. The book also mentions how it was used in Vietnam, El Salvador, and elsewhere. In this Air Force manual, called Military Aircraft, photograph 1.22 shows an O2 airplane, exactly like Basulto's airplane, exactly the same, it is a Cessna 337, but the Pentagon gives it the military name of O2, which is its design classification.

Therefore, in this case, the mission they were carrying out is irrelevant and contrary to civil aviation. In addition they are using — could it be a coincidence — an aircraft designed for military operations. Besides, from the outset of this group's existence, some of their cohorts in Miami, who were led by Mrs. [Iliana Ross Letlien], carried out an intense campaign to seek numerous [words indistinct]. This lady speaks quite a bit, and [words indistinct] during those months in their efforts to request from the U.S. Air Force to provide Brothers to the Rescue with some Cesna 337's. Because the armed conflict in El Salvador was over, these planes were available on some U.S. landing strips. You will recall that I told you that the only reference to this was given by Roque, and he explained how he himself had flown in aircraft that still had the U.S. Air Force identification labels. This is the only reference that appears in this...[pauses] even though they have others. They have others like this one. This is not a pilot born in Cuba; this is a North American [words indistinct] [Ward Davis Lawrence, Jr], an editor of THE MIAMI HERALD.

A few months after Mrs. [Ross Letlien] unleashed the campaign searching for the military planes for Brothers to the Rescue, this man — an editor of a U.S. newspaper — travelled, himself, in one of those planes. As a good journalist, he included some photos with his report. Here is the photo of the plane, the M-2432F, and it clearly shows, on the tip of the wing, four little letters, U.S.A.F.

In other words, this is not a matter of looking for Roque and looking for any additional means to verify something that the U.S. press itself confirms and with very impartial witnesses. The press not only confirms that it was possible to fly, even in planes that belonged to the Air Force, but that in addition [words indistinct] had those letters painted...[pauses] and we have other photos, some of them in color, and all of them are in the hands of the investigations commission. All of them came before and [word indistinct] Roque's testimony in an attempt to reduce the possibilities of any arguments. [passage omitted on the U.S. Senate session on 8 May]

In conclusion, I want to say that something has called my attention, and that is the hastiness with which the United States announced its version of the conclusion of a meeting — a meeting that has not yet started, because it will start the day after tomorrow — as well as its efforts to anticipate any objective judgment that could be made by the people after learning of a report — a report that has not yet been distributed.

Another thing that has called my attention is the very high level of irresponsibility voiced by this official [words indistinct] personally. Evidently, he was carrying out orders from superiors. The conference was not held at the department, but at the White House. As some newsmen have pointed out about that conference, the U.S. attitude and the way of presenting the facts can be interpreted as a show of support for the violators of international law, as a show of support for those who, before and now, continue to announce their plans to disregard the U.S. regulations and international laws. All of this is being done on the eve of an ICAO meeting whose purpose — according to the Chicago Convention — is to prevent the repetition of such incidents. It seems to me that this is an exceptional show of irresponsibility and adventurism, to say the least. I think it is time to finish.

[Moderator] Thank you very much, comrade Alarcon. I have several requests from journalists who wish to ask you questions. We will begin with Nidia Diaz of GRANMA.

[Diaz] [Words indistinct] not valid. That is my first question. Second, what procedure would be followed once the ICAO Council assumes a position regarding the report? Will it be sent to the [UN] Security Council with a recommendation? Will it be sent to the Security Council for its analysis and decision? Within those decisions, what sanctions could be implemented if the report presented by the investigating commission is assumed as real?

[Alarcon] [Words indistinct]

[Diaz] [Words indistinct] The United States is a member of the ICAO Council, while Cuba is not. In the meeting to begin tomorrow, will Cuba at least have a voice; not a vote, but at least a voice? What are the expectations of the Cuban delegation from that meeting? [passage omitted on Alarcon explaining that Cuba is not a member of the Council but has a right to participate as an observer and guest, and hopes to be allowed to speak]

[Alarcon continues] Cuba has made a proposal to the Council. We are not members, we cannot vote, but we can present ideas. Specifically, what we say is that the report contains inaccurate information, lies, gaps, and unconfirmed facts. We have used diplomatic language; we could say other things. We are not asking them to throw it in the waste basket. We have proposed that the

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Council ask the investigating team to continue trying to verify, confirm, and complete the information, and that the Council be summoned to meet again when the investigating commission completes its work, and with enough time to allow the members of the Council to study the document and adequately examine it. In essence, that is what we have proposed. We have proposed an alternative to the hastiness, to the — I will use a Cubanism — to the pushing around [empujadera] of sovereign states who are being pushed and pressured into reading a report in a few hours and making a decision in one day. Of course, they are supposed to reach a decision following the guidelines that their big brother in Washington has given them. I do not know what they will do. I do not know. [passage omitted on previous investigations conducted by the ICAO, including the downing of an Iranian plane in the Persian Gulf by the United States]

[Moderator] (Francis Kerry) of REUTER.

[(Francis Kerry)] What changes did Cuba want in the final report? Do you think that the ICAO Council may change the report on Wednesday or some time later?

[Alarcon] I could not answer this exactly. The point is not that... [pauses] the report can certainly do that. There are aspects that they, namely, the members of the council, cannot, unless they become the investigators, verify the results of meetings they held in Havana with pilots and air traffic controllers. [passage omitted on Alarcon criticizing investigators for deciding that the position of the ship Majesty of the Seas and remarks made by alleged witnesses aboard the ship are the most reliable factors to determine location of incident].

They must acknowledge that they have not been able to prove where this ship was. The reason why they have been unable to do so is that they have entirely relied on the U.S. version, which manipulated a recording by adding things that were not there, while deleting others that were there. I must clarify this point because many of you, many media organizations are arguing, that the difference is, and this is not your fault because they are citing the report, that the Cuban version does not include things that are in the U.S. version. The reverse is also true.

However, we must stress that there is a difference: They have Cuba's original recording and the device used to record it. They analyzed it and should note that they cannot find any alteration or tampering with this recording, nothing that implies some type of manipulation. In addition, they have had this recording since March, and as of May, as though they were first-grade students, U.S. officials have sat them down, on two occasions, to listen to a recording, which the U.S. officials argue is theirs and have been handed some transcripts, which they argue are the transcripts of what they recorded. I urge those persons who have the time, whenever they can, to read this voluminous report. I particularly urge them to read, with special interest, the infamous transcripts. Many pages are presented in this manner.

Now, no one can tell if the signal was transmitted from the San Antonio command post to the Cuban MiG-23 or vice versa. Here, the Cuban text has not only been provided by Cuba, but also by the text of the original recording they have, and over here, we have the U.S. version. They contend, in the legend disclosed by the United States, that Cuba deleted parts of this transcript. They deleted very interesting things themselves to be able to introduce, as they did, distorting elements. I really urge you to read the entire text. The Cuban version or the original recording is logical and consistent and it begins at the beginning, when the plane begins to overfly. As you can see that portion is blank in the U.S. version. They have to make space to include other things. According to the U.S. recording, the plane was suddenly overflying, north of Playa Baracoa. They do not have any background details on when the aircraft began to move once it left San Antonio. This information is missing in the U.S. version.

More amusing, though, is the fact that at the end, at the end of the tape, or the tapes because it is long... [pauses] the Cuban recording ends with the Cuban transcripts [preceding word in English], but the U.S. recordings continue. I find it very strange that the Cuban recordings end shortly after the San Antonio base orders the pilot to suspend his mission, to stop the mission, to end the mission. This is in the U.S. recording: Suspend the mission. Message clearly received, I am flying at such and such altitude and such and such distance. That's where the Cuban recording ends. After the order is given to suspend the mission, which appears on the U.S. recording — they forgot to erase that — comes a long story. You can see that there is nothing more on the Cuban recording, but the U.S. recording goes on and on and on. In other words, according to their version, no one knows when or how the MiG took off, and we could even conclude that it has not yet landed. It is still flying.

Who altered the tape? Who? What text? It's illogical. In addition, I repeat, why don't they deliver the tapes? Why have they not delivered them in three months? Why didn't they even give them the cassette with the recording that the United States claims it has? Why was no one interviewed? Interviewing the people, who according to the U.S. version made the recordings, would be an elementary verification. Why didn't they do the same thing that they did in Havana in March. Since

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there are contradictions — the pilot and the official in San Antonio are cited — why didn't they do in May or June the same thing that they did here in Havana in March? Why not interview those people and compare their voices with the recording and confirm with them where they were and what they said? In sum, why didn't they conduct the same analysis as they did in Cuba? After they did all that here, I am afraid that, during those long meetings held in Montreal behind closed doors, what has happened is that the report has been prepared like a custom-made suit. In this case, however, the client himself uses the measuring tape and gives the measurements to the tailor.

[Moderator] [Words indistinct]

[Reporter] Can we conclude that Cuba does not accept any of the conclusions or aspects of this report? I would also like to ask you — even though you have given us a lot of details, but we are still at a disadvantage — could you give us a copy of the report? As you said it is no longer...

[Alarcon, interrupting] I will ask all of you to give me your opinion democratically. Let's see. What would you do if you were in my place? We are not members of the ICAO Council, but we received a copy as an interested party. As I said, the ICAO Council met Friday and decided that the report would still be secret. Copies were distributed to the members of the Council with this little phrase: Circulation restricted to representatives of the Council of the ICAO. [Alarcon reads the warning in English, French, and Spanish] The same warning is given in Russian, I suppose, and then in Arabic, so there will be no doubts. The teacher tells his students: Don't give this to anyone, as the boss has already given it to those he believes should get it, in order to manipulate the information. I think that the information that my friend [journalist] Fletcher has provided is entirely correct, and that everyone should know the contents of this report. I will... [pauses] This is what we'll do. If you don't tell [no me echan para alante] as Cubans say, because as you know, this is a very special situation; this is a secret, a big international secret. Since I am not a member of the ICAO Council, I will reach an agreement with you. I will give you a copy, and you can reproduce it and distribute it to others. I have a problem, though. The document is in English.

[Passage omitted on language employed to draft the report] [Reporter] [Words indistinct] pardon me, we can say, we can surmise from your words, that Cuba does not accept any of the report's conclusions as it now stands. That is my impression. None of the conclusions. It does not accept any of the conclusions, neither on the airplanes' debris, nor on the circumstances, although you said there are omissions in the circumstances, as I understand it, on all the circumstances surrounding it. Can we say that Cuba does not accept any of the conclusions...

[Alarcon, interrupting] In no way can I be against this affirmation on paragraph 311 of the conclusions that reads: the aircraft, followed by the three names, deviated from the route indicated in their flight plan. It is obvious. It is evident they followed another route. I will not say this conclusion is erroneous. What I do reject, however, is the whole manipulation surrounding the report. I reject the use of a source whose location they have not been able to corroborate, with whose witnesses the investigators have not talked, in sum, that a version based on that source was accepted in order to identify the place of the incident, although there are other sources or indications. I mean, the original recording Cuba submitted on day one clearly locates that ship in another place. Why should I accept that the ship was where they claimed it was? Or that it was not moved to the north, and all the coordinates moved? Since they have no way of proving it, despite all the work they have done, they reached the extreme of doctoring their recordings of our radio communications in order to have the pilot and the San Antonio Air Base talking about the ship and locating it farther away.

All additional U.S. elements that appeared refer to these ships, and why? To put them outside, to move them to the north. In the original recording, in the doctored recording also since they could not eliminate this, there are references to a ship made by our pilot when he sees the ship and sees it very close to Playa Baracoa. The helicopters would head to that direction later, as well as our Coast Guards to find the debris of the incident. All of this is recorded by the two sides. To extend the novel, it often seems that the FAR's [Revolutionary Armed Forces] mission, the San Antonio Air Base's mission, and the pilot's mission was not to prevent the violation by two aircraft but to describe some military ships. The U.S. documents contain lengthy passages where, imagine, in the middle of a military operation of this nature, there is a lengthy dialogue on the color of the ship, the other ship, is it to the right or left? Is it a little to the left? Is it here or more over there? The effect is always the same. The effect is always the same, namely, to make the Cuban officers allegedly say they were father north.

Why didn't the gentlemen who met with those same officers here in Havana to compare the original recording with them, their voices, in order to understand every detail, do the same when the North Americans provided another version? Why did the commissioners not do that comparison with U.S. sources, with the person that

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recorded it, with the person who claimed this is the original recording? Why didn't they beg, beseech the United States, why don't they do this now? Why not beg Dr. Tarnoff, who falsely said in his news conference that his country had handed over everything, to finally give them the recordings? Why don't they reveal the original U.S. recording? Why don't they let it be analyzed, as ours was?

The specific question now is whether some or all of these conclusions, all the main ones, are so. Another question that arises pertains to the proceeding being used or not used to interrupt civilian airplane flights, but these are not civilian aircraft but, rather, paramilitary aircraft used for international acts of provocation, subversion, and sabotage, among other things; that is, the premeditated violation of international, civilian aviation during a long period of time. In addition, some of these aircraft come from the U.S. Armed Forces. Furthermore, all their crews have been trained, advised, and equipped by the United States.

What does the ICAO want us to do? To revere all these things also? I suppose we will do that at some point. I believe you not only have the right to see the report but you also have the right to know, and at the appropriate time you will made aware of the many things these gentlemen have deliberately omitted. I would like to show you all the videos and pictures they possess but do not use, but we will wait a little. Let us see if decorum, dignity, and self-respect, at least, will make some people.... [pauses] Perhaps they will allow some of their friends to see, touch, analyze that famous tape. If they do not, then who is adulterating things here? Who is really afraid of the truth? We are asking that this report be completed, perfected, that the omissions and contradictions of the report be resolved, that they give the members of the ICAO Council the minimum, reasonable time needed to be able to make a serious pronouncement. It is time the Yankees quit shoving them around and treating them like schoolchildren.

[Moderator] Mrs. Castrellon, please.

[Castrellon] Are you accusing the United States of having altered evidence? In addition to the tapes, is there any other evidence that has been altered? Have you made a formal complaint to the ICAO regarding this issue? What have you done in this regard?

[Alarcon] I have to accuse the United States because it has that tape. I have to exonerate the ICAO investigators; they are not the ones that have doctored the tapes. Those poor things have not been given permission to gain access to that evidence. They were seated in a small chair there before the professor and were made to listen to what the great American chief says is the American tape. I cannot accuse them of having doctored anything. I have to make an accusation of an excess of discipline in having permitted, having followed the U.S. ploy without one single protest or a more manly attitude, with due respect for the two sexes.

I believe we can accuse them of manipulating the entire process in order to frustrate the compliance with the ICAO resolution and the UN Security Council, which has asked for a full investigation. U.S. Transportation Secretary Pena was one of those who on 6 March defended the idea of holding the next meeting in 60 days, but in his government, Pena is responsible for the United States not having the report ready in 60 days. I repeat, they had to say so. They had completely concluded the investigation in Cuba and still had not received from the United States nothing less than the radar data.

I want to say something very important. I cannot believe this was a coincidence. I have to believe that all this was deliberate for one reason. In one of its sections, the report contains some interesting references to how the U.S. authorities since the beginning of February were concerned because they foresaw the possibility of the violation of Cuban airspace by Brothers to the Rescue.

Specifically on 23 February, the State Department sent instructions to U.S. civil aeronautics authorities asking them to adopt measures to supervise those....[pauses] the flights that would possibly take place the following day in order to adequately document them; in other words, we are not talking about an unexpected incident in this case. Civilian and military authorities had previously warned those radar units, those U.S. technical means that something could happen the following day. Each one was alerted; each unit received the information. The following day, 24 February, came, and an incident indeed occurred. What explanation is there for those authorities, those who are responsible, those technical means that had been warned beforehand not being able to provide the information by May or June? Frankly, I have to be skeptical. I have to believe they had the information but destroyed or eliminated it.

The same thing happened with the station at Cayo Hueso. After receiving instructions on 23 February—be very careful with tomorrow's flight, as there could be problems—the following day, the flight has problems; that is when the incident occurred. It says here that when they go to Cayo Hueso, when they request the information from them, they were told that everything had been erased. They held the information 15 days. I repeat, they had been warned in advance. Something could happen, so you must make sure to record it properly. What was feared could happen occurred, and

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15 days later you simply elimina[illegible] That is a fact, a specific fact, they cannot use. They almost cannot use the radar. You will see this in the [word indistinct] even though there were supposedly instructions to adequately document what would happen on 24 February.

I do not want to reach conclusions on why U.S. authorities were so worried about what could happen that day and were interested in adequately recording everything. I must say frankly, however, that among other things, they have demonstrated a tremendous level of incompetence. Despite that—and this is recognized in the report— they presented almost no objective information, and everything ends with the long story of radio communications. They had to resort to us, to the Cuban military authorities, to present their version, moving the boat further off in order to support their hypothesis. They cannot say, however, they have, in fact, been able to confirm the location of the boat; nevertheless, they claim the information they obtained from the boat, even though they did not talk to the crew members, made it possible to determine where the incident occurred.

If after being prepared beforehand, after alerting everyone, the imperial power can only present such a lousy case against Cuba, it is really pathetic. I believe they are trying, most of all, to manipulate the public. They are convinced that with the barrage of propaganda and their control over the media, by repeating the same things over and over again, since very few people are going to read the entire report, they will create a specific picture and will produce the effect they are seeking in the political field.

[Moderator] Mauricio Briceno.

[Briceno] What would be the objective of this manipulative action by the United States? What are they after? Does it have anything to do with the measure they adopted later, the approval of the Helms-Burton law?

[Alarcon] Undoubtedly, the connection does exist. They have used the incident as a justification to pass the Helms-Burton law as well as other measures. They used logic in this case. Not only did they decide to punish Cuba but the entire world, because the Helms-Burton law, as you all know, has not caused such a stir for the sake of it; it threatens everyone, not only Cuba. They have decided to do this based on a rationale they could not prove. They did it with full conviction.

In February, Clinton made a number of categorical remarks that he has said have led him to, quote, modify, unquote, his alleged, quote, position, unquote, because it is difficult to know what Clinton's positions are. It is more complicated than the Majesty of the Seas; it all depends on the winds. It is like a piece of paper lifted by a current at any speed and in any direction. Aside from that, they have used this incident to justify the approval of the law and other measures. If they had proof and if they were so convinced, why didn't they submit it to the ICAO in April?

What the ICAO stated on 6 May was that it had not received any of the U.S. facts. Why haven't they, even at this point, expressed their willingness to present the information they have not submitted? Instead of having Tarnoff in the White House saying they have handed all the information, it would have been wonderful had Tarnoff displayed the recording and said, let's go to Montreal right away to submit it to the ICAO and with witnesses, and so on and so forth, to truly clarify the incident. This is what they should have done instead of accusing us of tampering with the recording. [passage omitted on Alarcon saying the United States did not play fair]

I would say it would be truly worthwhile if everyone could study and examine this report thoroughly, because even this report does not, quote, prove, unquote, the U.S. argument with U.S. data. The investigating team could not ascertain the location of the incident based on the information presented by the United States. We should bear in mind that the United States submitted this information when it felt like it and under the conditions that best suit the United States; in other words, I can question the likelihood and truthfulness of any, quote, U.S. evidence, unquote, because none was submitted on time, and none was either verified by a witness or examined via a truly analytical and investigative process by the ICAO, and this is something some people must admit. All this proof was concocted in long sessions that were rather scheming sessions between the U.S. authorities and the drafters of the report.

Even under these conditions, they—the ICAO, the investigators— cannot independently ascertain where the downing took place. Here is the U.S. technique; you must have seen it in certain U.S. documents. What is their, quote, big victory, unquote? Their victory is that an independent source—that is, the ICAO—has agreed with the United States. This is the legend; this is what they will repeat to convince people, but the ICAO has been forced to admit it has not even been able to independently pinpoint where were the points of reference to establish the location of the downing. This is a vicious circle. [passage omitted on Alarcon again criticizing the ICAO for playing second fiddle to the United States in producing this inaccurate report].

In and of itself, the Helms-Burton law constitutes an attack against the entire world. It violates the

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sovereignty of all countries throughout the world. It is not only illegal but also affects the legitimate interests of many people, and under any circumstances or any case, regardless of the argument, no one has to accept it. [passage omitted on background of the Helms-Burton law]

[Moderator] We now have a question from Karen Wall of Australia, and Patricia Groson would like to ask one short question to close this news conference. Patricia Groson is a correspondent from EL MERCURIO of Chile. Please ask your respective questions, and Comrade Alarcon will respond.

[Wall] My question has three parts that I will break down. First, was the fact that Basulto was condemned by U.S. Civil Aviation for having violated Cuban airspace on the date of the events taken into consideration in the report? Second, does the report include any special appeals proviso? Third, taking into account that it is very likely that this entire process is more or less linked to the elections in the United States than anything else, has Cuba not assessed the prospect of proposing the postponement of the decision until December when the election has concluded?

[Alarcon] [Words indistinct] as for your first question, somewhere in the report there is mention not of a condemnation but, rather, the suspension of Basulto's license. Unfortunately, during last week's news conference at the White House, the under secretary of state was asked whether the position held by the United States now would imply a cancellation of the suspension of Basulto's license; he answered that he would neither acknowledge nor deny the likelihood. This is one of the unfortunate and serious statements that was said during that news conference. Thus, the perception that lingered was that....[pauses] The entire license issue was nothing more than a gimmick to give the impression that the United States was adopting measures to implement its laws.

As for postponing the report until after the November elections, if the entire world had to live according to the tune played by the election climate in the United States, there would be the need to paralyze the planet, and humanity would be subjected to this event. Fortunately, this event is one that takes place every four years and not every year. What we believe is that the ICAO must, as soon as possible, carry out its obligation to investigate as well as fully and accurately report on the incident; in other words, we have not asked, and neither do we intend to request any postponement or rescheduling.

We are requesting something very elementary. We have proposed.... [pauses]. We have no right to veto. Let us wait and see if those countries that have the right to vote will allow themselves to be forced to adopt a decision pressured by the United States, following U.S. orders, or if they are going to do what they have to do; that is, to create the necessary conditions to carry out an impartial investigation. What is also at risk is the prestige and credibility of this international organization. The ICAO will have to prove if it exists as an independent and serious international organization or if it can be swayed as if it were some second-class organization. The third question....

[Moderator, interrupting] The one on appeal provisos.

[Alarcon] Yes, appeal provisos. Logically, the decision depends on what the council is going to announce. The council is subordinate to an ICAO general assembly [words indistinct] the most important point is that the ICAO's decision will be forwarded to the UN Security Council.... [pauses] For a long time now, Albright [words indistinct] that the report will be in New York between today and next Friday. Only she knows why she says that. Either way, one type of decision or the other will come out of that meeting along with recommendations. Who knows. I would not like to forecast what the future will be bringing.

At any rate, there are more significant appeals than the ones that could technically [words indistinct] international organizations [words indistinct] appeal [words indistinct] public opinion [words indistinct] some day you will read from our own [words indistinct], and some day there will be publications on what they did, how they did it, whom they bribed, whom they bought, who erased what tape, who [word indistinct] the tape, and so on. If this has happened in its country of origin with almost all [words indistinct] I do not have the slightest doubt that this will again happen some day and that there will be a great deal of talk about [words indistinct] and the last detail of this shameful and repugnant story will be made public [words indistinct] operation.

[Moderator] Patricia [not further identified], please.

[Patricia] It is a question about [words indistinct] I understand that Cuba had alerted the United States through diplomatic channels of the activities of this [words indistinct] the activities of Brothers to the Rescue and other organizations. A few minutes ago you were referring to the concern the United States had a few days before 24 February. What did Cuba do about it [words indistinct] through diplomatic channels, if my memory does not betray me? Was the U.S. response, if any, also included in the ICAO report?

[Alarcon] In the report, there are references to the diplomatic exchanges between the two countries, but [two-minute break in reception] in certain cases—I

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have said it before—in some cases we became aware of certain violations through the North Americans themselves. Our first information I believe was the one that warned us such and such things could happen [words indistinct] the organizer of this so-called flotilla [words indistinct] we understand that you are planning to do this [words indistinct] they, the North Americans, gave us this note [words indistinct] Comrade Acevedo sent a letter to the ICAO reporting [words indistinct] according to the Cuban authorities. Why the hell they do not say that the source of information was [words indistinct] ask her. Ask her why she is saying [words indistinct] as evidence of the violations reported by Cuba [words indistinct] the North Americans. What they have basically used to show a concern, an agreement [words indistinct] prior to the incident. Unfortunately, it was not the case.

Cuba: Foreign Minister Denounces ICAO Report

PA2606021896 Havana PRENSA LATINA in Spanish 2113 GMT 25 Jun 96

[FBIS Translated Text] Havana, 25 Jun (PL) — Cuban Foreign Relations Minister Roberto Robaina today said that Cuba accepts no verdicts resulting from bribery and that it will not become a pawn in the marriage of convenience U.S. investigators have concocted.

In a telephone interview with PRENSA LATINA from Botswana, where he is making an official visit, the head of the Cuban Foreign Ministry remarked on the report an investigative commission from the International Civil Aviation Organization (ICAO) drafted on the downing of two pirate planes that violated the island's airspace in February.

As a result of the investigation, this document, which the ICAO allegedly considers confidential, has been made public in the United States, and by casting doubts on, omitting, and manipulating Cuba's evidence, it accepts the U.S. version as certain and definitive.

Robaina rejected this procedure, which he believes definitely makes the report careless and biased and provides no opportunity for a technical meeting prior to the ICAO Council to analyze and modify the report for the sake of objectivity and impartiality.

The suspicious manner in which the U.S. party manipulated the report long before its discussion and examination by the members of this ICAO body is more than evident, Robaina affirmed.

The Cuban foreign minister considered it ironic that the United States not only has imposed a report on the ICAO, but that it is also already announcing the conclusions it is going to impose on the UN Security Council. It would be good to know what the UN General Assembly thinks about this, he added.

As for Cuba's claims of omissions in the report, Minister Robaina pointed out that, even with adequate documented evidence such as audio and video recordings, the ICAO admitted only seven of the 20 violations of Cuban airspace that the island reported.

Even though the report timidly pointed to the political reasons that triggered the actions of the violators of our airspace, Robaina went on, it ignored their terrorist background, as well as the fact that they trampled on Cuban and U.S. laws, as well as international law, with absolute impunity.

How is it possible, he wondered, that a report drafted by a group of investigators belonging to a world institution that brags about its prestige could be used as an object of a game plotted by those who conspire against international peace and security?

Robaina affirmed that it was not very serious for the ICAO report to recognize as valid the statements made by an individual who claimed to have tossed into the air, 12 nautical miles off Havana, 1 million subversive leaflets, which, according to what he claimed, the winds carried to Havana.

The document, Minister Robaina added, openly ignored the statements this same person made earlier on U.S. television admitting that he had flown over the Cuban capital to toss the leaflets.

As far as we know, that day there were no winds in the Florida Straits strong enough to carry these leaflets above the sea for several miles. In addition, he recalled that the world could see live through CNN, Univision, and other international television networks that this action was carried out over Havana rooftops.

The minister was surprised at the categorical assertion that Cuba failed to issue warnings prior to shooting and at the report's lack of reference to the provocations the violators made in light of the repeated warnings that they were entering a dangerous zone, even though these provocations were proven during the session in which the ICAO investigative group questioned the pilots.

The Cuban minister voiced his concern about the report's dismissal of charges lodged against Washington. The only times when it proceeded seriously were following the downing of the air pirates and prior to the ICAO Council meeting that opened the investigations into the actions.

The first U.S. announcement that legal actions would be taken against the individual who seems to be the main

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protagonist and instigator of the violations took place three months after the incident, when the first deadline for the ICAO investigative commission to draft its report expired, the Cuban official maintained.

He stressed that U.S. authorities then did not hesitate to affirm that had they been in the Cuban authorities' position, they would not have been patient enough to allow this type of provocation near the federal capital or any of their military bases.

Robaina recalled how the investigations and conclusions pertaining to other downings of civilian planes while flying their routes took more than six months and that no one hurried to put a price on anybody's head, because, among other reasons, the United States itself was involved.

He wondered why the United States has the right to protect its national security and we do not? Why does it shoot down with impunity an Iranian plane knowing that it was a civilian plane carrying approximately 300 passengers, and no one condemns it? Why does it have a double standard and a double morality when judging actions?

Robaina said he was shocked by the performance of the Investigations Commission and deplored the fact that on the eve of a new century there are institutions that show so little respect for themselves and that exhibit historical amnesia and forget their past records. He said: Those who suffer have a better memory as well as the will and determination to struggle to change this shameful system.

According to the Miami media, U.S. Under Secretary of State Peter Tarnoff has assured that Cuba has falsified evidence. The Cuban foreign minister also spoke about this.

He explained: Judging from the preliminary report of 6 May of this year, there is no credibility in a document that fails to say that while Cuba met all the requirements of the Investigations Commission, the United States delayed as much as it could the delivery of information and therefore did not meet all the ICAO requirements.

As Robaina sees it, his country acts based on ethical principles and would never engage in such an immoral action. All our evidence, he said, was provided in a clear, verifiable, and expeditious manner from the moment we announced the downing of the pirate planes.

According to other news reports, Washington could have waited for the ICAO to present the Cuban data to compare it with theirs in order to provide justifications, manipulate recordings, and deliver their transcripts, not the tapes.

I do not want to prejudge the situation but I would have very much liked that an international organization that claims to be unbiased and trustworthy, had not sold information to one of the parties to a dispute in order to benefit it, because the disclosure or falsification of evidence is a very grave crime, Robaina said.

From the Cuban point of view, other points of contention in the report are the lack of acknowledgment and omission of the recordings of the exchanges between Havana's Air Control Tower and the air pirates during which the latter are clearly warned against what they were doing. Their defiant answers can be heard. These exchanges were later broadcast by Miami's television. Another point of contention is the description of "civilian aircraft" given to the pirate planes.

About this, the minister said he marvels at the expressions "two small planes" and the interception of "civilian airplanes."

It appears, he commented, that somebody needed to create victims because from the very beginning, all of them understood how difficult it would be to investigate the downing of planes, which based on the definition of the Chicago Convention, by which the ICAO had guided itself until this investigation, were not really civilian.

Ignoring the non-civilian nature of the downed pirate planes is an underhanded manner of trying to turn a responsible defense of our national sovereignty into an illegitimate action, the diplomat said.

He noted that now an effort is being made to convince the world that the small planes, which in fact were air pirates, were not on the payroll of the U.S. Air force and that they were not used in the Vietnam War for exploration and combat operations.

According to the Cuban point of view, this is one of Cuba's most convincing arguments since the planes downed while violating Cuban sovereignty were not transporting passengers, cargo, or mail, but were dedicated to terrorism, subversion, and the illegal trafficking of immigrants.

Regarding the true nature of the ships and the support and cover provided by the U.S. Government to the so-called Brothers to the Rescue, the Investigations Commission saw and received as evidence in Cuba a videotape showing U.S. Air Force officers training and directing the pilots of the organization, and the ICAO Investigations Commission report says nothing about this.

These missions were acknowledged by the crews in front of the media, and these missions do not meet ICAO's definition of civilian airplanes, Robaina said.

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He noted that this would not have been the first time that supposedly civilian airplanes bombed Cuba and encouraged armed and political violence on the island.

Another aspect of the report discussed by Robaina was the acceptance of the U.S. version on the site of the downing.

In this respect, he said that it was concluded that the downing occurred over international waters based on the absurdity of believing a report on the position of a ship, whose location no one knew and which the ICAO Investigations Commission itself affirmed it was unable to establish exactly, even though it claims to have information on the incident.

In addition, he said, the commission did not interview any of the crew members. It simply accepted what the North Americans had to say about this matter.

The Investigations Commission erased from the report the U.S. request to enter Cuban territorial waters for rescue operations four hours after the incident, and the Investigations Commission gives no credit to a U.S. ship that did witness everything, inside Cuban waters. The only problem with this ship's report was that it was not part of the U.S. evidence, the foreign minister charged.

PRENSA LATINA asked Robaina about the probable course of the events that in March, in view of Cuba's exclusion from the discussions of the UN Security Council, resulted in the resummoning of the 50th Session of the UN General Assembly and in intense polemics between Robaina and U.S. Ambassador Madeleine Albright.

There is no doubt that the report was crudely manipulated in favor of one of the parties, he said. He added: Apparently the effects of unipolar and arrogant imperialism have also manifested themselves at the ICAO, if they did not exist there already.

Apparently this organization cannot escape the dirty dealings and politicking that the carnival-type U.S. elections stir, the Cuban diplomat said.

If this is the way that the judges on whom the world's airlines entrust the solution of incidents and disputes act, I can only deeply regret the danger looming over international civil aviation.

Robaina then said he is against justice and truth becoming merchandise that the powerful may buy, even in a case like this, in which the United States is the main contributor and also a member of the ICAO Council.

He added: An effort is being made to have Cuba condemned, and Cuba repudiates this condemnation in advance and with all its strength and will never accept that any country, regardless of how powerful it may be, bargains with truth and justice.

Robaina described the ICAO Investigations Commission preconclusions as shameful and considered them conclusions summarily adopted by the United States.

Now the world will have additional evidence of the danger threatening everybody because of the arrogance, lack of principles, and even shortcomings of a country that views itself as the owner of the planet, the Cuban foreign minister affirmed.

Robaina is on an official visit to Bostwana, a current member of the UN Security Council, as part of a tour through southern Africa. In Gaberone he plans to explain the Cuban position at all levels.

Cuba: Government Informs UN of Possible ICAO Decision

PA2606042896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 26 Jun 96

[Report by Andres Fernandez and Carlos Iglesias in Montreal; from the "NTV" newscast]

[FBIS Translated Text] The Cuban Government has alerted the UN Security Council and the UN General Assembly about a decision the International Civil Aviation Organization [ICAO] may take regarding the 24 February incident.

Our special envoy analyzes the document that contains Cuban conclusions on the investigations carried out by the ICAO team.

[Iglesias] The document points out that the report from the experts does not abide by Annex 13 of the Chicago Convention, which guides the actions of investigations, because the report omits the causes and antecedents of the facts, does not categorize Brothers to the Rescue, and does not consider the comments requested from the Cubcan side that were delivered within the established deadline.

Cuba reports that in view of much manipulation and because there were no plans for making necessary revisions to the report, the advanced meetings of the 20th and the 21st of the past month in Montreal became formal meetings. Cuba adds that the United States has suspiciously and strangely delayed the delivery of its reports, as Cuba alerted the ICAO Council and the Security Council on 23 May and 19 June.

Cuba has cautioned about the links with sordid electoral interests [words indistinct] in support of illegal activities against its sovereignty and territory. These considerations recall that the ICAO Council had the Cuban data

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in its hands since 30 March, and the team of experts continued its meetings with U.S. officials until 4 June. Nevertheless, the council has presented a biased, unbalanced, and unobjective report that in almost all cases is inclined to reduce Cuba's credibility and to present dubious elements as irrefutable evidence that suspiciously coincides with Washington's version. Furthermore, the ICAO Council has been left with a ridiculously small amount of time to examine the report and consult it with the respective governments, Cuba says.

The Cuban considerations demonstrate concern over the absence of a reference to threats made to general security or to the utilization of civil aviation for objectives incompatible with the Chicago Convention.

The document affirms that the report by the ICAO experts is difficult to understand unless its purpose is to cover up the United States' lack of compliance with its Chicago Convention obligations. The document urges the ICAO to prevent and impede a repeat of actions that have gone unpunished so far. The document stresses that the consequences of the decision to be adopted by the ICAO will be the stopping or encouraging of these actions.

In conclusion, the document states that this UN institution as well as the international community are before a decisive test particularly because in the United States there have been public announcements about new violations of Cuba's sovereignty and territorial integrity.

Cuba: Radio Cites AFP on G-7 'Bone of Contention'

PA2506182196 Havana Radio Rebelde Network in Spanish 1700 GMT 22 Jun 96

[From the "National Radio News" program]

[FBIS Translated Text] AFP reports that Cuba is likely to be an important bone of contention between the United States and its interlocutors during the G-7 summit in Lyons next week. AFP says that Canada has announced before hand that it will go to Lyons to strengthen its campaign against the Helms-Burton law.

Cuba: Report on International Products, Technologies

PA2606031596 Havana PRENSA LATINA in Spanish 0440 GMT 22 Jun 96

["Exclusive" report by Leovani Garcia: "One More Investment Opportunity"]

[FBIS Translated Text] Havana — European and Latin American businessmen and entrepreneurs, briefcases in hand, have invaded Havana for one week, trying to seek partners, commitments, or an investment that will pave the path to enter the attractive Cuban market.

Despite the trade restrictions the U.S. Helms-Burton law is attempting to impose on the world, the Eighth International Products and Technologies Exhibition for the Tourist Industry, Tecnotur '96, was a complete success.

This time, 23 countries, 10 from Latin Americ[illegible]epresented by 569 companies, 234 from Cuba and 3[illegible]om abroad, have participated in this event.

Tecnotur '96 has surprised everyone because of the amount of new institutions that were represented within 5,655 square meters of the Pabexpo Fairgrounds and that were interested in making tangible agreements with Cuban and Caribbean companies.

For Franco Marquez, president of Canada's Pro International Company, the fair opened the door to the largest Antillean nation.

In statements to PRENSA LATINA, Marquez has said he will sign an agreement soon with the Gran Caribe Hotel Group for the installation of nightclub lighting and music equipment in the hotels this chain owns. He also has said he is negotiating with the Gaviota Tourist Group, which is interested in acquiring equipment for four nightclubs, and with the Islazul Hotel Chain. He added that Carishow, an entertainment company owned by Cubanacan [Cuban Tourism and International Trade Corporation], Inc., and the Cuban Culture Ministry also want to purchase this technology.

Los Portales, a Cuban-Italian joint venture that has been marketing Sanpellegrino mineral water and refreshments for less than a year, is another of the companies that has exhibited its products in this Eighth Tecnotur.

Marta Gonzalez, Los Portales public relations manager, has affirmed the fair has let it promote its products on the island. These products are sold in Cuban hotels and restaurants. She added that even though signing an agreement at Tecnotur '96 is rather unlikely, it does open possibilities of holding future negotiations. In this regard, she has said Panamanian and Caribbean businessmen were interested in purchasing the refreshments, which are made of one o one [previous three words in English], natural fruits, and mineral water.

The event also was used to present new products, such as Siboney Rum, a beverage which has a unique taste and which is made in the central province of Villa Clara.

The island, which is known in the world for being "the queen of rum and tobacco," has a wide variety of rums of international fame.

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The Eighth International Tecnotur awarded 16 prizes, 11 of which were awarded to Cuban enterprises.

It was reported during the event that the Don Felo Cooking Oils and Lard Company, Cuba's Tauro and Fama Company, and Germany's Rational Company were given awards in the modular stand category. In addition, Bamby Sweetshop, Tecnoazucar-Tropicana International Company, and Castrol de Cuba, as well as Spain's Manufactured Metallurgic Company received honorable mentions.

As for the freely designed stand category, the prizes were awarded as follows: Cuba's Profiel, Havana Rum and Liquors-Havana Club International, Esicuba [Cuban Enterprise for International Insurance]; Italy's Farmavenda; and Panama's Motores International Corporation [MOINSA]. Spain's Erka-Acinox received an honorable mention.

The countries with the most companies represented were Spain (122 businesses), Canada (73), and Italy (58). Meanwhile, the organizing committee especially acknowledged the presence of Cuba's Cubalse [Enterprise for Rendering Services to Foreigners] and Cimex Corporation, Inc.

The tourist magazine PRISMA and the Publimagen trademark, which belong to the PRENSA LATINA news agency, awarded a prize in the category of message design and transmission to Panama's MOINSA and Cuba's Poliplast.

Cuba: IACC Head on Airports in Holguin, Camaguey

PA2506190396 Havana PRENSA LATINA in Spanish 1525 GMT 18 Jun 96

[FBIS Translated Text] Havana, 18 Jun (PL) — Today, Division General Rogelio Acevedo Gonzalez, president of the Cuban Civil Aeronautics Institute [IACC], declared that two new airport terminals will be inaugurated in July in the eastern region of Cuba, in response to the growing wave of tourists going to the island.

In statements revealed today by the local media, Acevedo said that these installations, which are located in Camaguey and Holguin provinces, will be able to handle 600 passengers during peak hours, which, between the two terminals, will provide service to 2,400 people a year.

Acevedo said that between 24 June and 3 July a test will be conducted with passengers to study the conditions of the new buildings and to familiarize the personnel with their new posts.

Acevedo stated that the Holguin and Camaguey air terminals were built at a cost of approximately 8 million pesos — 3 million in U.S. dollars — and based on passenger traffic, the investment will be recovered in two to three years.

Acevedo indicated that the number of tourists leaving Cuba using its nine international airports, up until May — an indicator measured by the airport service fee — reached 476,000 people, which represents a 36-percent increase compared to the same period last year.

Acevedo reiterated that the IACC has carried out these projects because of an evident increase in tourists and increases estimated for the coming years.

Acevedo added that the airport terminals that will be inaugurated will allow those territories to take on the wave of tourists during the next eight to 10 years.

On the same subject, Acevedo stated that a new wing is being added to the Jose Marti International Airport in Havana that will double the current air service capacity from 2 million to 5.5 million passengers a year.

Moreover, Acevedo said that construction of a new building for the Varadero airport is being studied. The Varadero and Havana airports handle between 85 to 90 percent of Cuba's international air traffic.

Cuba: Roadbuilding to Camaguey, Holguin Airports Delayed

PA2606041296 Havana Radio Rebelde Network in Spanish 1700 GMT 25 Jun 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Nine days remain before the inauguration of the international airports in the provinces of Camaguey and Holguin. Reporter Jose Arteaga has visited the Holguin airport site and talked with Jose Carbalo, who is responsible for the road network and who has reported on the progress of the access roads to the airport, one of the works most seriously delayed by the rains.

The builders of the new Holguin international airport are devoting considerable time to the road system, which has been considerably delayed by the rains in the past few days.

In a conversation with Jose Carbalo, he outlined the status of the accesses road to the new airport:

[Begin Carbalo recording] The access routes require about 3,000 tonnes of pavement. We have poured approximately 2,000 tonnes. About 1,000 tonnes are yet to be poured, a work which we have been unable to complete in the past week because of the rains. We have

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everything, all the necessary materials ready to tackle this job as soon as the weather gives us a chance. Our workers are willing to work for as long as necessary in the remaining week. We have talked with them at length, and all of them agree we must complete the work before 30 June. [end recording]

Cuba: Radio Reports on Upcoming Water Supply Outages

PA2506154096 Havana Radio Rebelde Network in Spanish 1700 GMT 21 Jun 96

[From the "National Radio News"]

[FBIS Translated Text] Havana's Water Service announces that tomorrow, Saturday, water supply will be halted in areas of the Marianao, Playa, and Boyeros Municipalities from 0600 to 1800.

In Marianao, the outage will include the Curazao, Santa Felicia, Jesus Maria, Finlay, [Larrazabal], Alturas del Belen, and Los Hornos neighborhoods, as well as portions of the Los Quemados, Zamora, Coco Solo, Pogolotti, and [El Hucillo] neighborhoods.

In Playa, the outage will include portions of the Buena Vista neighborhood.

In Boyeros, the outage will include the Puente Nuevo, and Maria del Carmen neighborhoods, as well as the Panda Ferrer and Eusebio Hernandez Ophthalmological Hospitals and the Juan Manuel Barques Pediatric Hospital.

Once the repair work is completed, the water service will be gradually restored.

Cuba: Official on Pork Industry Recovery, Feed Supply

PA2506143696 Havana Radio Rebelde Network in Spanish 1155 GMT 21 Jun 96

[Interview with Alberto Barrios, deputy director of Havana's Pork Research Institute, by Ilia Sardinas; from the "Doing Radio" program]

[FBIS Translated Text] [Sardinas] The pork industry is a priority sector of Cuba's economy since it is part of the efforts to attain food self-sufficiency. We spoke with Alberto Barrios to get an update.

[Begin recording] [Barrios] The levels of pork meat production in the country are still insufficient because the demand is very high. I believe that there has been a slight recovery in the pork sector as the national economy begins to recover but it is still insufficient in relation to the needs of the population.

[Sardinas] What measures could be taken, and what are the conditions needed to change this situation?

[Barrios] Above all, I believe there is a problem with the feed supply. The feed supply has to be developed much more using national products. In other words, we cannot expect to raise hogs by importing grains. The hogs have to be raised by means of a connection between the worker and the land, where the feed is planted. A feed that does not compete with the worker's needs, because, as it is logical, food staples that can be used to feed people should not be used to feed the hogs. We have to work hard on this, particularly using sugarcane as a source of nutrients for the hogs. It is a protein; it does not compete with man and can increase production a bit. [end recording]

[Sardinas] Cuba recently joined the Caribbean Committee for Development of Hog Farming which will make it possible to export technology to produce biogas and to foster greater cooperation with countries in the Caribbean basin.

Haiti

Haiti: Preval Waiting for U.S. Position on Collaborator

PA2606025396 Port-au-Prince Signal FM Radio in Creole 2100 GMT 25 Jun 96

[From the "Signal Current Events" newscast]

[FBIS Translated Excerpt] Haitian President Rene Garcia Preval is waiting for the official, U.S. position on the Emmanuel Constant issue. Preval may even summon the U.S. ambassador for further information on the decision the United States apparently wants to make on the case of Emmanuel Constant, who was supposed to return to Haiti but who is, nevertheless, free in the United States although U.S. officials have said it is a limited freedom, because he is prohibited from leaving U.S. territory.

This is how the Haitian head of state has reacted to the statements made by the State Department spokesman who has said the U.S. authorities have not agreed to send Emmanuel Constant back to Haiti, because this issue is too hot to be handled by the Haitian Government, as if the judicial system in Haiti does not operate well enough to manage the Emmanuel Constant issue, to keep him in jail.

Preval has said he has not been officially informed of the statements made by the State Department spokesman, but he may summon Swing so he can give him additional details of the U.S. position. The Haitian Government has clearly stated that it demands the

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extradition of Emmanuel Constant in keeping with the measures already taken:

[Begin Preval recording] Here are my comments—as you see, I am speaking like the foreign minister, who is a great diplomat. I am speaking like him—if this proves to be true.

True, our judicial system is weak, but it is also true that you cannot develop justice by obstructing justice. If the documents of the Revolutionary Front for the Promotion and Progress of Haiti [FRAPH] arrive here....[pauses] We have many more ways to administer justice, to shed light on certain crimes, but if the documents are kept abroad and do not come in their entirety, again, as the foreign minister says, it will be difficult for us to administer justice, and our judicial machinery will always remain weak.

There are many people in the country, either in the judicial system or those who are former FRAPH members, who are obstructing justice; we would like to know who they are. There are people who are causing insecurity in the country; we would like to know who they are. [passage omitted]

We are waiting for all the FRAPH documents or Emmanuel Constant, and they can help us reinforce our judicial machinery and justice in Haiti. If Emmanuel Constant returns and starts talking about his ties with certain people who are causing insecurity in the country, I believe that will reinforce security. [end recording]

These were statements by Haitian head of state Rene Garcia Preval in response to statements by the spokesman for the State Department, who has said if the former FRAPH leader who was cooperating with the coupist military force here was returned to Haiti, this issue would be too delicate to be managed by the Port-au-Prince authorities. [passage omitted]

Haiti: Senator Discloses Use of Taiwanese Donation

PA2606022996 Port-au-Prince Signal FM Radio in Creole 1130 GMT 24 Jun 96

[From the "0730 Appointment" newscast]

[FBIS Translated Text] Western Senator Jean-Robert Sabalat on 20 June made certain disclosures about how the $20 million Taiwan has given Haiti were spent.

In a letter to his Senate colleagues, Sabalat stated that only $7 million of the $20 million intended for repairs on the Carrefour Road were used. As for the remaining $13 million, particularly how they were spent, the parliamentarian said about 12 payments were made from these funds, and he examined three of them: Fifty million gourdes went to the organization Family Is Life, an organization called Mission.... [pauses] An organization called Alpha for Development received 30 million gourdes, and another organization called Alpha received 15 million gourdes.

Sabalat would like for his colleagues to investigate what has happened with these funds.

Haiti: 'Family Is Life' Responds to Senator's Disclosure

PA2606023396 Port-au-Prince LE NOUVELLISTE in French No. 35231 24 Jun 96 pp 1, 3

[FBIS Translated Text] Through its coordinator, Elien Joachim, the organization "Family Is Life" on 24 June reacted to the disclosures by Senator Jean-Robert Sabalat on the 50 million gourdes it has received as an allocation from the Haitian Government.

According to Joachim, the amount of money concerned is a portion of the 72 million gourdes spent by Family Is Life in building the Tabarre Road. This organization has expected Taiwan, through the Haitian Government, to reimburse the balance of a donation to Family Is Life for the construction of this road.

"This money should be reimbursed to us in its entirety from the $20 million installment granted to the Haitian Government by the Republic of China," Joachim said, implying that these were the conditions for granting the $20 million donation.

Asked whether it was clearly stated in the agreement that a portion of these funds would be earmarked to Family Is Life, Joachim said he, as the representative of a private organization, is not supposed to be aware of the details of an agreement concluded between governments, but he is certain the Chinese Embassy has conceived the donation agreement in this manner and can attest to that, he said.

Furthermore, Joachim said he has at his disposal documents that can prove the statements he is making.

Referring to the 72 million gourdes, he said the government still has 22 million gourdes, the amount of the debt his institution has contracted with the Vorbe et Fils Company, to give back to Family Is Life. The Vorbe et Fils Company, "TECINA," and "Routes et Ponts" are the three firms in charge of constructing the Tabarre Road.

Joachim said the steps are going to be speeded up so the organization he heads can honor its debt.

Sabalat announced on 21 June that the Finance Ministry paid from the $20 million donation granted to Haiti 50 million gourdes to the organization founded by former

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President Aristide. The parliamentarian said the motive presented to a Senate investigation mission for this payment refers to debts contracted by Family Is Life on behalf of the Haitian Government.

It also was reported that two other amounts, 30 million and 15 million gourdes, of the same Taiwanese donation were paid to the organizations "Alpha for Development" and "Alpha."

Trinidad & Tobago

Trinidad & Tobago: Opposition Party PNM Wins Elections

PA2606041396 Madrid EFE in Spanish 2119 GMT 25 Jun 96

[FBIS Translated Text] Port-of-Spain, 25 Jun (EFE) — It has been officially reported that the opposition party People's National Movement (PNM) won by a slight majority the regional and municipal elections held in Trinidad and Tobago on 24 June, according to preliminary results.

The PNM won 63 of the 124 seats in dispute, while its main opponent, the National United Congress (UNC), headed by Prime Minister Basdeo Panday, won 61 seats. The National Alliance for Reconstruction (NAR), Panday's partner in the government coalition, failed to win a single seat.

Although it won more seats, the PNM lost control of two of the country's 14 "councils" (assemblies). Thus, the councils the PNM does not control are to be controlled by the UNC, which presently dominates in six regional legislative bodies.

After studying the electoral results, NAR leader Ray Robinson told EFE he will select the members of the councils, three municipalities, and nine other regional bodies.

Former Prime Minister Patrick Manning has said the electoral results should not be interpreted as a referendum on the coalition government's performance after seven months in office.

Attorney General Ramesh Lawrence Maharaj has said the UNC did its best in front of the PNM's power in these elections, where no violent incidents were reported, according to the police.

In the past regional elections, the PNM won 75 seats and the UNC 40.

The PNM gained control of the Port-of-Spain Corporation, and the Arima, San Fernando, and Port Fortin Councils, according to sources of the Trinidad and Tobago electoral authority.

Trinidad and Tobago, a former British colony which has been independent since 1962 and which is made up of two islands situated off the Venezuelan coast, has a three-party tradition that has survived since its independence.

The islands, which have a population of 1.3 million and which experienced serious racial and labor conflicts in past decades, has lived in relative peace the past few years, although tensions persist between the dominating black and indigenous races.

There also are Syrians and Chinese, as well as 2 percent of whites.

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Mexico: Zedillo Supports Jalisco Antidrug Effort

PA2506153396 Mexico City LA JORNADA in Spanish 21 Jun 96

[Report by Ricardo Aleman Aleman — received via Internet]

[FBIS Translated Excerpt] Tlaquepaque, Jalisco, 20 Jun — President Ernesto Zedillo has instructed the Government and National Defense Secretariats, as well as the Office of the Attorney General of the Republic (PGR), to provide all their support to Jalisco authorities in their fight against drug trafficking. He also ordered an investigation, without restrictions, of those inside and outside the state government who have jeopardized public health. [passage omitted]

At the meeting, the entire state government cabinet evaluated Jalisco's economic reactivation progress. The chief executive also spoke about public security and criticism of his administration, which has been linked to drug trafficking.

Governor Alberto Cardenas Jimenez of the PAN [National Action Party] said that over the past few days his administration and the state of Jalisco "have been unfairly attacked with deceptions and slanders." He appealed to those who try, under the protection of higher authorities, to "deceive us all. It is well known that drug trafficking infiltrates by corrupting the weakest ones. You — he said addressing the president — and all those in here, including myself, know that we should not play with people's trust," he said. [passage omitted]

The president welcomed all the requests made by Governor Cardenas Jimenez. "The State of Jalisco will receive special attention from the government of the Republic because of its strategic importance," said Ernesto Zedillo amidst applause from representatives of different state sectors.

In giving a detailed answer to all the demands of the state government, the president mentioned three fundamental aspects: Democracy, justice, and public security. "Conditions for permanent and stable liberties, as well as political coexistence within a framework of full democracy, are essential for free development of economic activities," said the president.

For that reason, the president pointed out, "we will continue to work with all our political groups to measure up to the democratic maturity reached by the Mexican people, and especially, by the people of Jalisco." Zedillo recalled that since his presidential campaign "we have warned, right here" that this state has had public security problems for many years. "It is a problem that we will continue to fight against with unbreakable resolve and to work on respectfully and in coordination with state authorities," said the president.

Zedillo said that the unrelenting activity that is displayed by organized crime forces the Federal Government to assume a strong stand against it, together with society and all three branches of the government. "Governor Cardenas Jimenez and I clearly agree that the only response to this problem is the application of the law, that is, to exercise the responsibilities granted to the institutions of the Republic," said the president.

Later he said: "I have instructed the Government Secretariat, the National Defense Secretariat, and the Office of the Attorney General to provide, within the framework of national security policies, total support to the Jalisco Government in its fight against drug trafficking. We will work together in strengthening a state of law, the improvement of democracy, and the promotion of economic growth." [passage omitted]

Mexico: Roundup of Economic Developments Through 24 Jun

PA2506170396

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 24 June.

Energy Secretariat Jesus Reyes Heroles announced today that Mexican and Canadian firms have established cooperation agreements for the development of the energy sector to offer higher quality goods and services abroad. (Madrid EFE in Spanish 1654 GMT 16 Jun 96)

The Bank of Mexico reports that on 14 June, Mexican international reserves reached $15.873 billion, a $98-million drop from the previous week. The drop is due mainly to a PEMEX payment of $97 million.

According to the Bank of Mexico's preliminary figures, the Mexican banking system's overdue portfolio reached 156 billion pesos on 31 May, and the amount of financing available rose to 388.2 billion pesos, which remained unused because of the high interest rates. Of the total overdue portfolio, 45.1 billion pesos are from 12 banks that have an average capitalization index of 12.45 percent. The SHCP says financing of the private sector will become possible as more signs of market stability are observed. (Mexico City EL FINANCIERO in Spanish 17 Jun 96 — received via Internet)

The Finance and Public Credit Secretariat (SHCP) reported today that during the first five months of the year, Mexico accumulated a trade balance surplus of $3.170 billion. Total Mexican exports in May were a record $8.046 billion, and the trade balance surplus for

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the month was $532 million. Manufactured goods registered 82.4 percent of total exports, and oil products were 11.6 percent of total exports. Accumulated Mexican imports from January to May reached $34.526 billion. (Mexico City NOTIMEX in Spanish 0021 GMT 19 Jun 96)

The SHCP reported yesterday that imports during the first five months of the year increased 18.3-percent over the same period last year, due mainly to a 95-percent increase in the purchase of agricultural products. Exports rose 19 percent during the same period. (Mexico City LA JORNADA in Spanish 19 Jun 96 p 43)

In six months of operation, the Coordinating Board of the Bankers-Businessmen's Agreement (UCABE) has received petitions from 59 major national companies to refinance their overdue loans, which total $9.79 billion, 12.13 percent of the commercial banks current total loan portfolio. Companies that have reached an agreement with creditors are Sidex, Marti, Mexicana de Aviacion, La Nacional, Ponce, Mundihogar, Feldman, Guantes, Vitex, Grupo Name, Costamex, Zapata, and Miguel. (Mexico City LA JORNADA in Spanish 19 Jun 96 p 46)

Communications and Transportation Secretary Carlos Ruiz Sacristan announced that the secretariat will invest 745 million pesos of federal, state, and municipal funds to repair, modernize, and construct federal roads and highways. (Mexico City LA JORNADA in Spanish 20 Jun 96 p 50)

In an article on the reports the Bank of Mexico, Banxico, drafts annually, Hector Vasquez Tercero says that interpreting Banxico reports is his hobby. Regarding the 1995 report, he affirms that, when he revised the latest Banxico annual report, he came across statistics that are not normally published and could observe a phenomenon that called his attention, because it contradicts one of the government theses en vogue, that, "thanks to NAFTA, our country could increase its exports and somehow compensate the serious consequences of the crisis we are experiencing." Vasquez goes on and states the following: "As it is widely known, the crisis had to do with Mexico's huge trade deficit, which totalled an all-time record of $18.5 billion in 1995, 7 percent of the GDP. The devaluation took place, and the drastic measures taken by the government of Ernesto Zedillo to stabilize the economy triggered such a significant correction in our accounts with foreigners, that, in 1995, we recorded a big trade surplus exceeding $7 billion as a result of a swift increase in merchandise exports and a contraction of imports." Further on, Vasquez says: "if the NAFTA interpretation is true, we would have to prove that our commercial relations with the United States improved in 1995 at a larger rate than the rate at which our commercial relations with other regions improved. Since we had reported an $18.5-billion commercial deficit in 1994 and we reported a $7-billion surplus in 1995, this means that, in one year, we had $25.5 billion in profits." Vasquez then adds: "The United States, our NAFTA trading partner, was the country that contributed the least in making Mexico attain this goal. In fact, our exports to the United States increased the least, 24.8 percent, as compared to our exports to other world regions. For instance, Mexican exports to South America increased by 78 percent; to Central America, by 39 percent; to Europe, by 35 percent; and to Asia, by 31 percent. In addition, our imports from the United States dropped by only 1.7 percent, while imports from other regions decreased more." The article then states: "All this does not mean that our commercial relations with the United States did not improve; they did improve, but to a lesser extent than our commercial relations with other countries with which we did not have to sign trade agreements." Vasquez concludes: "For reasons such as these, I am not one of the enthusiastic people who applauded and continue to believe in our marriage with the United States through NAFTA. There were other options." (Mexico City EL FINANCIERO in Spanish 17 Jun 96 p 4)

The Mexican Cement Company, Cemex, has announced the beginning of an offer to recall up to $1 billion of the outstanding bonds that will mature on 10 July 1998 at an 8.875 maturity rate. This operation ends on 15 July, unless it is extended. In addition, Cemex will sell approximately $340 million in Ordinary Participation Certificates (Certificados de Participation Ordinarios), CPO's. With these two operations, Cemex intends to prolong the average maturity of its debt and strengthen its capital structure. As for the recalling offer, Cemex said that the price it will pay for each bond will the one resulting from the yield of two-year U.S. Treasury Bonds plus 2.5 points. Regarding the second transaction, Cemex is planning to sell approximately $340 million in CPO's. (Mexico City EL FINANCIERO in Spanish 18 Jun 96 p 14)

Legislators from the Agriculture, Commerce, and Foreign Relations Commissions, as well as leaders of Sinaloa, Sonora, and Baja California producers, have warned that, if approved, the dumping charges against Mexican tomato growers would trigger an avalanche of similar suits against other Mexican products by U.S. farmers. They said that, if the problem worsens, approximately $600-million worth of exportable tomatoes are in jeopardy. This is why a binational meeting will be promoted to legally resolve the conflict and to lay the foundations for domestic tomato growers to stop being

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pressured. (Mexico City EL FINANCIERO in Spanish 18 Jun 96 p 24)

The indebtedness problem adversely affects not only the private sector and the Federal Government, but also the governments of 31 states and 2,404 municipalities in Mexico. When a government acquires a debt, it means that it is building something or paying a bureaucracy at the expense of future taxes, because citizens always end up paying up the government's debts. In 1996, the debts municipalities and states owe amount to 35 billion pesos, a 1,500 percent increase since 1989. This is why there should be state and municipal laws limiting all government's debts. (Mexico City Radio Red Network in Spanish 2300 GMT 18 Jun 96)

National Institute of Statistics, Geography, and Computer Science, Inegi, officials have told EL FINANCIERO that, from January to May 1996, the open unemployment rate of the economically active population went from 6.4 to 5.4 percent. Sources from the Inegi and the Finance and Public Credit Secretariat confirmed that this favorable figure, along with the trade surplus recorded in May, will have a positive impact on financial markets and will help strengthen the domestic and foreign climate of confidence in the economic program. (Mexico City EL FINANCIERO in Spanish 19 Jun 96 p 25)

During the first quarter of the year, the surplus of the foreign visitors line in the current account increased by $238 million, as compared to the first quarter of 1995. This made revenues from foreign tourism increase by 18.77 percent, while the expenses Mexican tourists made abroad increased by barely 11.23 percent. Thus, Mexico is the world's twelfth tourist destination as it gets 3.5 percent of the world's tourist market and 12.3 percent of the U.S. tourist market. According to Banxico figures, the number of tourists who visited the country in the first two months of 1996 increased by 14.2 percent, as compared to the number of tourists who visited Mexico in January and February 1995. Likewise, the average spending per tourist also increased by 5.91 percent. A tourist's average stay in the country is 10.3 days. (Mexico City EL FINANCIERO ("ANALISIS" Supplement) in Spanish 19 Jun 96 p 3A)

Inegi figures have shown that, during the last nine months, the labor market was able to recover 50 percent of the jobs lost since the production crisis erupted in the country. In May, 2,019,000 people from Mexico's main metropolitan areas were unemployed. This shows a notorious recovery as compared to August 1995, when 2,842,000 workers were jobless. So far, since the economy collapsed due to the peso devaluation, 1,645,000 people have lost their jobs. (Mexico City EL FINANCIERO in Spanish 20 Jun 96 p 25)

Signs of improvement in the level of employment have done away with the silence that has characterized the labor market, because 334,182 jobs were created during the first four months of the year, which indicates a 3.3-percent growth rate, compared to the same period in 1995. Those activities closely linked to exports created more jobs in April. The manufacturing industry had opened 116,851 jobs by April, a 4.1-percent increase. On the other hand, the commercial sector has been unable to reverse its serious unemployment rate; it reported that 15,240 jobs have been lost. The construction sector also reported that 7,277 jobs were lost in the January-May 1996 period. (Mexico City EL FINANCIERO ("ANALISIS" Supplement) in Spanish 20 Jun 96 p 3A)

According to a Cancun, 21 June datelined item, the Central American Bank of Economic Integration, BCIE, and the National Foreign Trade Bank of Mexico, Bancomext, today signed a contract to increase from $50 million to $120 million the credit line granted by the Central American institution to its member countries, thus permitting the financing of Mexican exports to those countries. (Mexico City NOTIMEX in Spanish 1834 GMT 21 Jun 96)

According to a Cancun, 21 June datelined item, Bancomext has reported that, based on economic results over the past 18 months, the growth in Mexico's commerce with Latin America shows that Mexico has recovered its image abroad. Right now the commerce between Mexico and the Latin American countries is almost worth $7 billion. (Mexico City NOTIMEX in Spanish 0709 GMT 21 Jun 96)

According to a Campeche, 21 June datelined item, Jose Rafael Lavalle Pinzon, delegate of the Commerce Secretariat in Campeche, has reported that during the first quarter of this year, Campeche State's exports have increased 19.5 percent compared to the same period last year. (Mexico City NOTIMEX in Spanish 1843 GMT 21 Jun 96)

The Finance and Public Credit Secretariat, SHCP, has authorized the Nations Bank to operate in Mexico and has issued a favorable opinion for the opening of a branch of the Comerica Bank. Counting these two banks, there are already 16 foreign banks operating in the national territory, plus three more that have direct investments in Mexican banks. (Mexico City LA JORNADA in Spanish 21 Jun 96 — received via Internet)

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According to a Oaxaca, 22 June datelined item, a Korean-Spanish firm has made an initial $3 million investment in Juchitan, Oaxaca State, to produce salt in an area with a production potential of 100,000 tons annually. According to the secretary of industrial and commerce development of the state government, the investment, which began in 1995, will be increased up to $5 million. (Mexico City NOTIMEX in Spanish 1554 GMT 22 Jun 96)

The SHCP and the National Banking and Securities Commission have reported that during the 15-month period from December 1994 to March 1996, six Mexican banks received 45.35 billion pesos in the form of direct support from the federal government, but during that same period, the financial assistance channeled by those institutions to the productive sector dropped by 25 percent. (Mexico City LA JORNADA in Spanish 20 Jun 96 p 47)

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El Salvador

El Salvador: Officials Urge IG To Reconsider Resignation

PA2506210996 San Salvador LA PRENSA GRAFICA in Spanish 21 Jun 96 p 21A

[Report by Bernardo Valiente]

[FBIS Translated Text] Arena [Nationalist Republican Alliance] and PDC [Christian Democratic Party] deputies have urged Victor Valle, Inspector General of the PNC [National Civilian Police], to reconsider his resignation, which according to some, was hasty but understandable. "The government is compelled to reach a dialogue with the official," pointed out Security Minister Hugo Barrera.

Human Rights Ombudsperson Dr. Victoria Marina Velasquez de Aviles joined those who have petitioned Valle to reconsider his resignation. According to her, he is "an efficient and competent person who is capable of doing a good job as head of the Inspector General's Office."

Dr. Velasquez de Aviles said that something else led to Valle's resignation, but she could not point it out for sure. She indicated that lack of respect by one of his subordinate officials is not sufficient grounds for him to step down from his post.

"It was possibly a natural reaction of someone facing a difficult situation, but this could be rectified," said Legislative Assembly President Gloria Salguero Gross.

Aristides Alvarenga, PDC deputy and Legislative Assembly vice president, voiced his concern over Valle's surprising resignation. He demanded from the government a thorough analysis and an extensive dialogue with the PNC inspector general to clarify any differences that may exist and to let him fulfill his duties.

Both legislators agreed in pointing out that a leaderless PNC must be avoided considering how difficult it is to swiftly appoint someone else to that position and also because Valle's work was acceptable.

Nonetheless, as of yesterday, Security Minister Hugo Barrera had not received Valle's resignation, as stipulated by the law, because Valle apparently sent the letter to the president of the Republic.

Barrera said that Deputy Inspector Rudy Medina will be temporarily in charge if the resignation takes place. Medina does not have the support of opposition parties.

The Security Minister also said that Valle's work was acceptable and that his resignation is not irrevocable, and thus, there should be a dialogue with him because it would be unhealthy for the institution to go through another change.

To other legislative groups, the resignation of the inspector general came as a surprise, and this incident has revealed the dark side of the police and the fact that it is not functioning properly.

"This shows that there are things that deteriorate the PNC, and citizens cannot feel protected by someone who, in an irrational and frequent manner, trample honest citizens more than they do criminals," said Norma Guevara of the FMLN [Farabundo Marti National Liberation Front].

Guevara added that "when police authorities impede the furthering of an investigation it means that the police force that is being formed does not want to be accountable for its illegal actions."

According to Juan Ramon Medrano of the PD [Democratic Party], Rolando Garcia, who is head of operations for the PNC, and the Inspector General were at odds, because Valle tried to conduct a poll to find out the problems affecting the institution. Statistics have shown that 50 percent of all police officials have committed serious or very serious offenses that have been filed as mistakes. "There is something wrong within the institution," said Medrano.

There is no doubt that PNC leaders want impunity and cover ups to continue. These actions are constantly condemned by the citizens, Miguel Espinal of the PRSC [Social Christian Renewal Party] pointed out.

Nicaragua

Nicaragua: Caldera Interviewed on Joining FSLN

96CA0205A Managua EL SEMANARIO in Spanish 24-30 May 96 p 15

[Interview with FSLN (Sandinist National Liberation Front) vice presidential candidate Juan Manuel Caldera by Fabian Medina; place, date not given; first three paragraphs EL SEMANARIO introduction: "I Am Taking the Risk"]

[FBIS Translated Text] A policeman stands guard at the door of Juan Manuel Caldera's house. "They are waiting for you," he says, having little idea of who I am. Waiting for me inside is the Sandinist Front's vice presidential candidate and a boy with a shaved head, his son, who introduces himself by giving the same name. At first glance, Juan Manuel seems cordial but wary, fearing a political ambush.

Indeed, suspicion and caution must now guide the steps of this 68-year-old livestock breeder who recently

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decided, as he put it in his own words, to take the risk of serving a party that until only recently he had "abhored." Caldera claims to believe that the Sandinist Front has changed, but makes it clear that as soon as he finds something he does not like, "this cattleman is out of here."

Juan Manuel Caldera springs from a family of pharmacists in which he chose a different path: livestock breeding. He owned four ranches and had become the third largest cattle breeder in Nicaragua when, in 1984, the Sandinist Government confiscated his properties and put an end to his career as a breeder. Ever since, he has pastured animals, buying young feeder cattle to fatten and sell to the slaughterhouse. His political history is comprised of just two phases: one as a critic of Sandinism and the other as an election ally of the FSLN.

[Medina] How did you and your family react to political events in the time of the Somozas?

[Caldera] We did not react at all. On the contrary, our entire family is apolitical. We are traditionally conservative. My father was a conservative, but we totally withdrew from politics. In 1956, they even asked me to be the first manager of the Model Slaughterhouse, and I did work with the Somozas, just as I am now doing (with the Sandinists), trying to deal with the situation of national productivity in livestock raising, but because of the organization which they had and insider politics within Somocism, there was no room for an honest man and I was forced to resign.

[Medina] How did you see the revolution coming?

[Caldera] I saw a social change coming and decided to meet it head-on. My holdings were seized on 8 November 1984. They confiscated all my ranches.

[Medina] How did they justify it?

[Caldera] The justification they gave was that they were poorly managed even though I was the third-largest cattle producer in Nicaragua.

[Medina] Have you been singled out as an anti-Sandinist? What defines you as an anti-Sandinist? What did you do against the Sandinists?

[Caldera] I detested Sandinism. I saw the injustice. They took from those who had and gave to those who did not, but those who had nothing did not work, which brought on the whole mess.

[Medina] Did you ever help the Contras?

[Caldera] No. Unfortunately, I could not because they never approached me and I did not see a well-formed organization. I think the United States made an effort, but they did not pick the right people.

[Medina] Will the man who now appears as Daniel Ortega's running mate mean a change in his way of thinking?

[Caldera] Not at all. Rather, that is what led to my decision because it gives me a chance to be on the team that I think will win and can achieve change in Nicaragua.

[Medina] Aren't you afraid of being used?

[Caldera] There are two kinds of people in life: the ones who act and the ones who let things happen.

[Medina] What good do you now see in the Sandinist Front?

[Caldera] I think they are definitely convinced that if they do not yield and make sure that producers have confidence and faith that they will be able to produce and work, the Sandinists will not win and they do want to win.

[Medina] And the bad?

[Caldera] The fact that they have not gotten away from that image and (have not managed to make) the people see that the Sandinists of 1983 are not like the Sandinists of 1996.

[Medina] How do you get along with Front leaders, the "commanders"? Do you have relations with them?

[Caldera] My working team mainly deals with the aspect of production. Major (Victor) Tirado Lopez is one and Major Henry Ruiz is the other, but they mainly deal with Major Daniel Nunez.

[Medina] What is your opinion of Tomas Borge?

[Caldera] I have observed him a great deal because I thought he had not changed. I have talked with him and he is convinced that production is Nicaragua's solution. He is a different person now and he has a different attitude.

[Medina] The proposal that you be a candidate came through Daniel Nunez.

[Caldera] Yes, that is correct.

[Medina] Did it catch you off guard?

[Caldera] I had been bothered by it for some time because as producers, which we all are, we are involved in a process that is not profitable, one that causes us to lose money every day and that is eating us up. We had already made this suggestion to several leaders like my relative (Antonio) Lacayo and several other political leaders, but they were not interested. Daniel (Nunez) and I had talked it over several times because we see

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each other constantly in various work organizations, and he approached me and asked if I was interested, so I outlined my conditions. We set to work and have been working together for three months now.

[Medina] Some of your comrades from Cosep [Higher Council of Private Enterprise] are irritated with you over this decision.

[Caldera] They are not actually irritated. It's just that we have differences of opinion. Some do not have the faith I do that Sandinism has changed. I am taking the risk. I have faith that the Sandinist Front will win the elections.

[Medina] They say that you accepted this candidacy because you are in debt and are about to have your property seized by Cobra.

[Caldera] That question interests me a great deal. Let us have this information be released nationally and thus clear up the matter once and for all. I do have problems and debts to the banks as we all do, but I am not behind. Cobra cannot (seize my assets) because I do not owe the National Bank a cent. The National Bank forced us to pay in 1990. Part of the problem we have is that when credits were cut off to us and we were left up in the air, we had to go to the private banks. That is one of the reasons why we are overwhelmed. The private banks are killing us. I am trying to find a way to sell my ranch. I have engaged in negotiations and obtained a few loans in order to pay my debts to the banks that are pressuring me the most. Consequently, I am very solvent.

[Medina] Is your vice presidential candidacy negotiable if the Sandinist Front should decided to ally itself with another party?

[Caldera] No. That is definite. My understanding is that other parties can come along with us and that the lower-ranking positions can be negotiated, but not the vice presidency.

Nicaragua: Robelo Views Alliance With UDC

96CA0205B Managua LA TRIBUNA in Spanish 26 May 96 p 2A

[Interview with UDC (Christian Democratic Union) Alliance presidential candidate Alvaro Robelo by Xiomara Chamorro; place, date not given; first seven paragraphs LA TRIBUNA introduction]

[FBIS Translated Text] Alvaro Robelo looks discouraged, distrustful, his spirits hit hard by the death of "Arriba Nicaragua" [Up With Nicaragua], still unable to weigh the impact which the "episode" might have on his political future.

"That will be up to the people to decide," he says.

In a matter of months, the short history of "Arriba Nicaragua" offered emotional chapters of intrigue, accusations and circumstances which tell the Nicaraguan voter that politics is no game.

Nevertheless, Robelo believes that it was an opportunity to prove to himself that in just 48 hours, he could reinvent himself as a candidate offering another option able to rely on the support of the UDC and ANC [National Conservative Action].

Whether coincidental or not, the Nicaraguan Alliance seems to be an alliance of Leon natives in which personal friendship with Christian Democratic leader Cairo Manuel Lopez and Frank Duarte from the Conservative National Action, also from Leon, played a role.

The result was traumatic for them and the UDC's presidential candidate, Deputy Azucena Ferrey, resigned from the party that was her "political birthplace" and became the departmental candidate from Granada representing UNO 96 [National Opposition Union].

Her decision indicates that many Christian Democrats preferred not to run the risk and continue to harbor doubts about the candidate on which the UDC has just staked everything for the coming elections.

In the following interview with LA TRIBUNA, Robelo makes unusual statements concerning his political philosophy, claiming to be an admirer of Che Guevara and a harsh critic of neo-liberal policies.

[Chamorro] On what terms was the alliance with the UDC negotiated?

[Robelo] The terms were to put [the] best men we had in appropriate places. We began to make our analyses, first of Managua and then of the entire national territory. It was not merely a matter of power sharing, but rather, a synergy of all the forces that could handle posts of responsibility properly. It was the general consensus that Leon was the best for Lopez, a typical example of how we use this alliance. It was quite a civilized, wide-ranging discussion in which, as in all discussions, there were quite naturally times of impasse, reflection, and political maneuvering, but in the end we put in those we considered the best. The important thing for this alliance is to come to power, and we therefore concluded that the only way to be prepared to achieve this goal was to arrive at an agreement honestly.

I had no problems with this because, among other things, I have had a deep friendship with Cairo Manuel Lopez for many, many years. I am also from Leon and we went to school together, so there was already an interpersonal relationship of affection, esteem, and deep consideration. That helped us a great deal. It was

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a vehicle that kept negotiations from being tense. Our friendship helped us a lot.

[Chamorro] Why the UDC rather than other possibilities that presented themselves?

[Robelo] I had a range of proposals in times of crisis, at a time when the Arriba Nicaragua Party was practically disappearing and I found myself alone. I had a whole range of proposals from different parties that came to me spontaneously. Among them was Frank Duarte, whom I immediately informed that I would think it over, but I later accepted. I thought that Frank was another kid from Leon. He had a small party which at the time I was going to use as a structure, an instrument to launch my idea. We thought that the people had identified Arriba Nicaragua with me personally, so it did provide us with a legal structure for launching my candidacy. Other options, including the UDC, appeared, however. I concluded that the UDC was the best alliance, first of all, because they had already talked with us some time before. Negootiations had already begun and would probably be concluded—there was no way to know—but we were already talking informally, without any commitment, simply for the purpose of exchanging ideas. So first came the friendship with Cairo Manuel, because I am a romantic even in these things and I thought that getting together with an old childhood friend, with a person with whom I had never lost touch....

[Chamorro] In other words, it is an alliance of Leon natives.

[Robelo] In a way, yes, it is an alliance of Leon natives. It is a pure coincidence that we are all Leon natives there. As I was telling you, that was one of the reasons. The second is that talks were well underway with the UDC. There was already a path. Thirdly, we thought that those persons who played an important role in Nicaraguan politics.

[Chamorro] How do you measure the impact of the disappearance of Arriba Nicaragua on your political plans?

[Robelo] Speaking for myself personally, it made me enormously sad. I cannot deny it. How much will it affect my political plans? The people will decide that. Arriba Nicaragua was a rank-and-file party, a party of the people, aside from the little "mini-leadership" that existed at the top. The rest was rank-and-file members, and it is naturally they who will have to tell me to what extent it will affect my future as a politician. The first impression I have is one of great solidarity, that the entire rank and file is behind me, so solidly that in 48 hours, we had to restore the walls. When we came here, it was as if a hurricane had gone through, leaving nothing but destruction behind. In 48 hours, with the help of the people, we managed to quickly restore part of the walls, and immediately, in just 12 hours, draw up lists throughout the national territory. When I think about it, I am puzzled. It continues to be part of the miracle from God called Arriba Nicaragua. You ask me how I measure this blow to my plans, but I could not say. Right now it is very gratifying because the people have helped us.

[Chamorro] Who is advising you?

[Robelo] I think that right now, we have to proceed by phases. I gave the example of the hurricane because it reminds me of Miami when a hurricane goes through, and what we had to do was decide where we would spend the night. That was the important thing and then, when day dawned, see the destruction in the house. We then began to rebuild the doors and windows in the hope that some day we would put on a new roof. If right now I had to think about everything that remains to be done, as a father I would go crazy. Our priority right now is to go register on Monday and then start thinking about the rest: the windows, closets, and finally, the roof. Otherwise, I do not think the human mind or I personally, even though I spent six months in the war, could stand it. One has to have a strategy in life. When this business about Arriba Nicaragua happened to me, what I did was beat a strategic retreat. The battles will have to be won one by one in order to be able to win the war. I do not know how I will win the war given the fact that the battles face us every day. We must be ready.

[Chamorro] What effect does your family have on your decisions?

[Robelo] For me, my family is the best thing I have. I pulled them from their own "humus" in order to come wage this battle and they followed me, but not as disciplined warriors. Rather, they followed me enthusiastically, and my children and wife have played a preponderant role in this fight. They have made sacrifices, left their friends, lovers, school and everything else to come wage this war with me. I don't know how it will turn out. I hope well, but however it ends, they were great soldiers. From the time my children were born, from the time they were little, my family has been like a nucleus of troops in an unusual struggle.

They once asked me whom I would most like to resemble in life, and I told them I would have liked to be like Che Guevara.

[Chamorro] Why?

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[Robelo] Because I find all human virtues embodied in that person.

[Chamorro] What do you most admire about Che?

[Robelo] His generosity.

[Chamorro] Is there not a contradiction with his political proposals? Do you not fear being branded for that?

[Robelo] I am not afraid because intelligent people will not confuse things. The generosity of a man goes beyond his political ideas. Political ideas change and I think we must be generous with our fellow man in order to move forward. These are fundamental human concepts. Ideologies no longer exist. There is an ideological crisis everywhere in the world. I would ask what ideology we can apply to Nicaragua. Here we must bring together methods based on generosity. That is why I say I am not afraid to speak in those terms because they are not political terms. They are human terms. What nations seek is a common denominator in order to invent something new. It was thought that neo-liberal policies would save us, but we have all seen that they are failing all over the world. We must therefore look for a new system of living so that we can all go on living in peace.

[Chamorro] Can you say categorically that you are innocent of the accusations made now that you are out?

[Robelo] Yes, but naturally, the time will come when I have to see who put me in and why, because I still don't know. I have examined several possibilities that I keep to myself because I cannot express an opinion about things I do not know. So now I will be very careful what I do because all they have left is to kill me.

[Chamorro] Could they kill you?

[Robelo] They could if I go sticking my nose where it doesn't belong. They could, so I am just standing by watching while things are clarified.

Nicaragua: New Class of Sandinists Viewed

96CA0205C Managua EL SEMANARIO in Spanish 24-30 May 96 pp 8-9

[Article by sociologist and economist Oscar Rene Vargas: "The New Class"]

[FBIS Translated Text] The July 1979 revolution was not the result of the efforts of any single political leadership or party. Rather, the revolution triumphed as the culmination of a historical process when the masses refused to continue tolerating the oppression of the Somoza dictatorship. The members of the Sandinist political leadership had declared early in the 1980's that the purpose of the Sandinist revolution was to abolish exploitation and inequalities between social classes, create a new society based on the collective ownership of land, the mines and factories, and achieve a rational, just distribution of income.

In order to achieve these objectives, trade unions and guilds were formed during the ten years of the Sandinist government, and the political party had to be consolidated at the same time. During this process, a layer of bureaucrats, secretaries of unions and other organizations (women's, communal, professional, and so on), deputies and others placed themselves above the interests of the people, while elevating both their material living conditions and their own political interests. Very few maintained a close relationship with the people and remained faithful to their interests.

Following the election defeat of February 1990 and the process of redistributing government-owned property, the members of the Sandinist "new class" began—publicly—to imitate those who were above them (the bourgeoisie), rather than represent the interests of those below (the lower-income sectors). They began to take the side of the bourgeoisie, forgetting the suffering, poverty and hopes of the working class. This is one of the causes of many of the defeats suffered by the social movement over the past six years.

In other words, the Sandinist new class went through a process of total degeneration that gradually alienated it from the real interests of the people and brought it closer to the bourgeoisie. In fact, the new class has helped splinter the people's movement in recent years. Furthermore, the economic interests of the new class that were entrenched in the staffs of social organizations paralyzed and distorted their struggles. Support was thrown to a conservative social policy, even a reactionary social policy, which meant distancing itself, in the broadest sense of the word, from the social revolution.

By the end of 1989, Nicaragua was devastated by years and years of counterrevolutionary war. This is one of the fundamental reasons why, despite the confiscation of land, factories, mines and natural resources, it could never, during the decade of the '80's, produce the amount of goods needed to meet the daily needs of the people. The scarcity of goods inevitably led to a fight over those goods. The party, state, trade union, and craft guild bureaucracy, both specialized and cultural, was involved in the struggle, acting as an arbiter, dividing up, giving to some and taking away from others. Naturally, the bureaucracy did not, in the process, fail to worry about itself and eventually formed the nuclei or embryos of the new class.

This new class had at its disposal all the expropriated and/or confiscated property, justice, cultural work, po-

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lice and army. In addition, its control over the economy and the distribution of goods gave the bureaucracy a chance to concentrate all authority in its hands, preventing "the people" from gaining access to power. Consequently, in the country of the Sandinist revolution, a new, privileged class elevated itself over the masses and led the country using dictatorial methods. All power lay in the hands of this new developing social stratum.

During the period when goods were scarce, the new class began to conform, be corrupted, accumulate wealth and properties, and make deals that traded on the people's hunger. It was more profitable to resell than plant, buy dollars at the official rate than produce. Goods were imported at the official price and sold at black market prices. The new class used large sectors of the decadent bourgeoisie to start its businesses. It was at precisely this time that the alliance with sectors of the bourgeoisie began to be formed and that persons with modest amounts of capital or no capital at all became big entrepreneurs, "gentlemen" bankers.

Those who governed were the heads of these bureaucracies or the leaders of the new class, most of them from the political leaders of the Sandinists. The material situation, the lifestyle of the upperclass of the government, party and trade union bureaucracy was the same as that of the upper bourgeoisie during the time of Somoza. The intermediate-level bureaucracy lived more or less as the middle class had under Somoza, and ordinary workers and peasants endured far more difficult conditions than had ordinary workers and peasants during the decade of the '70's. The so-called "new class," born of the different bureaucracies, backs the political leadership of orthodox Sandinism because the latter resolutely and implacably defends its current privileged situation. Every one of these pressure groups (union-related, women's, professional, and so on) that has managed to survive has done so by dint of inertia rather than the strength of its ideas. These scattered, weakened, repudiated "remnants" have been totally incorporated into orthodox Sandinism. Anyone who fails to understand this has understood nothing about the political process going on within the FSLN over the past six years!

The "climbers" who got rich off the revolution hate honest revolutionaries. In order to justify their hatred for others, these opportunists are forced to slander those who have remained faithful to the original program of Sandinism and who continue their fight for a clean policy.

The methods used to fight political dissidence and rejection of the process of degeneration and corruption suffered by the leaders of orthodox Sandinism are identical to those used by Stalin. In essence, both substitute detective stories for political difference, invent monstrous intrigues to excite the imagination of the ignorant, lie and slander, slander and lie.

In the February 1990 elections, the people voted against this corrupt political leadership of Sandinism and against the new class that wanted to consolidate its control of power, but not against Sandinism as a political movement. The Transition Accords ensured the Chamorro government of the stability it needed to implement its new political and economic model in exchange for maintaining the "status quo" of advantages acquired and the properties of the new class. In that sense, the Transition Accords (March 1990), were a mechanism of political adaptation through which a change in regime was guaranteed. This change of regime leading to the government took place without the slightest participation of the people, without any new elections, and even without consulting the old or new parliament. In addition, from that time on there began a process through which the difference between the traditional and oligarchic bourgeoisie and the new class began to blur. From then on, they would be like different means used to subject the people to the economic objectives of all factions of the ruling class. Their antagonisms ceased being irreconcilable and began to be complementary.

In these most recent years, the basic objective of the new Sandinist class consisted of demonstrating to the different factions of the bourgeoisie its great reactionary conservatism and its love of order. In terms of maintaining the status quo, the new class pushed Sandinism to become a minor ally of capital. And yet, big capital continues to view it as an unreliable upstart. The upper bourgeoisie will not yet venture to bet a large sum on the pact offered by the new class, and the policy of compromise put forward by the new class consists in subordinating the people's masses to the bourgeois left.

The new class is a pitiful, pathetic, itsy-bitsy social stratum that wants to be aristocratic in the midst of widespread poverty. The new bourgeois, bankers, investors, attorneys, professors, and so on who adapt to the social and cultural characteristics of the political counterreform and exploit the people's organizations for the purpose of making a career find in orthodox Sandinism the best possible ideology. Their adaptation to democratic government enables them to make placid and pleasant careers at the expense of the masses. The best way for them to achieve this adaptation is the slogan "commitment to Nicaragua," meaning friendship with the conservative oligarchy. This provides them with an opportunity to publish newspapers without readers, organize pompous congresses and all manner of international publicity.

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The crisis in the political leadership of orthodox Sandinism, taken over by the new class, its inability to build a national alternative of the center that would be credible, and the failure of the Chamarro government to resolve the impoverishment of the lower and middle classes have guaranteed the resurgence of Somocism without Somoza, represented by Arnoldo Aleman. Aleman is the expression of the despair of the impoverished petty bourgeois masses, which also bring along part of the peasantry and the poorest sectors of the population. As we know, despair begins when all the paths leading to hope for a better future are cut off.

The upper bourgeoisie could naturally enter into certain commitments with the new class for partial and circumstantial purposes in its struggle to remain at the head of government and prevent the rise of Aleman. The upper bourgeoisie also knows, as a result of the experience of the past six years, that this new class is the best auxiliary force for deceiving, lulling, splintering and intimidating the lower classes.

With the active aid of the political leladlership of orthodox Sandinism, the financial bourgeoisie is trying to ascertain whom it could put in the presidential chair to defend it against Aleman. The new head of the government will apparently be chosen behind the scenes, at meeting between financial magnates, heads of party staffs and diplomats. The new class will bow to "national needs" and do everything possible to paralyze social resistance coming from the lower classes. Once the political shift (read "conservative restoration") has been consummated via a pact, the people will participate in the elections in order to approve political changes made without them and against them.

Nor does any of this exclude the possibiliy that the elections might incidentally improve or worsen the situation of a given faction of the bourgeoisie or, more precisely, that one faction might develop at the expense of another. The new class intends to be allied with the winning faction.

Panama

Panama: VP Issues Communique on Campaign Contribution

PA2506171296 Panama City EL PANAMA AMERICA in Spanish 25 Jun 96 p A2

[Communique issued by Second Vice President Felipe A. Virzi in Panama City on 24 June]

[FBIS Translated Text] Regarding the events made known by His Excellency, Panamanian President Ernesto Perez Balladares on 21 and 22 June, I believe it is advisable that I issue the following public statement:

During the 1994 election campaign, Felix Estripeaut approached me to tell me that Damaso Diaz, a partner of the well-known Shirley & Diaz law firm, had indicated to him that one of his clients wanted to make a donation to the campaign of Ernesto Perez Balladares.

Felix Estripeaut told me that Diaz had informed him that the contribution came from a company of one of his clients, with the last name of Castrillon, and that the company owned tuna boats and that it had been operating normally in the country, was financially sound, and had good banking references.

Subsequently, on two different occasions, Felix Estripeaut gave me two checks, both from the Deutsch-Sudamerikanische Bank, totalling $51,000.

With this information, and knowing the seriousness and moral soundness of the persons who had served as intermediaries, on both occasions I gave the campaign contribution checks to Perez Balladares who, trusting the good faith of these persons, proceeded to endorse the checks. I then deposited them in the account I handled for the campaign.

I am sure the investigation that the Attorney General of the Republic will immediately begin will clarify our participation in this matter.

For my part, I will spare no expense in providing my cooperation and help so this investigation will be conducted rapidly, clearly, and correctly." [quotation mark as published]

[Dated] Issued in Panama City on 24 June 1996.

[Signed] Felipe A. Virzi, Second Vice President of the Republic of Panama.

Panama: VP on Drug Trafficker's 'Donation'

PA2506174696 Panama City EL PANAMA AMERICA in Spanish 25 Jun 96 p A1

[Report by Arnulfo Barroso Watson, Juan Diaz, and Aquilino Ortega]

[FBIS Translated Excerpt] Vice President Felipe Virzi disclosed yesterday that the alleged capo of the Cali cartel, Jose Castrillon Henao, gave him his [Castrillon Henao's] first donation for President Ernesto Perez Balladares' presidential campaign during a luncheon in which there were 14 other persons.

In an interview with EL PANAMA AMERICA, Virzi said that during this meeting, Castrillon Henao only gave him one check through his lawyer, Damaso Diaz, in a sealed envelope, which he did not open, and thought it had a donation for 10,000 balboas, which he deposited later in a campaign account in the Banco Exterior.

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During the luncheon, Castrillon Henao was seated next to Diego Garcia de Paredes and Dr. Franklin Mora, who used the opportunity to ask him about his business activities in Panama.

The second contribution was made in an impersonal manner, also through Mr. Diaz, at a time when Virzi was out of the country. Virzi insists that he never heard again from Castrillon Henao until recently when his picture appeared in the newspapers.

Virzi added that the two persons in charge of overseeing the funds of the PRD [Democratic Revolutionary Party] campaign who were seated next to Castrillon Henao in the aforementioned luncheon recognized Castrillon Henao in April after he was captured and accused of being the alleged head of the Cali cartel.

He said that he decided initially not to tell Perez Balladares of his suspicions because Castrillon Henao did not appear to be an official of Fuji Investment, Inc., from which the 51,000 balboas were donated, and because the checks were signed by the company's treasurer, Enrique Chang.

Virzi is a quiet and congenial man who admits he increased the "four nickels" he inherited from his father with work, more than with intelligence. He accepted an interview with EL PANAMA AMERICA because he is convinced of the need to explain "his truth," even though he admits he does not trust the media and is afraid of speaking in public events.

The high-ranking official does not rule out the possibility that there could be other illegal donations in the PRD campaign, because "no one goes around carrying a sign requesting donations not be accepted because the money was ill-gotten."

He emphasized that "the president did not receive a nickel with any strings attached. If Castrillon Henao gave money with that purpose, then it backfired on him because it was our government that arrested him."

He assured that he would be willing to leave the post of second vice president if his presence affects the Perez Balladares administration. Nonetheless, he stressed there are no reasons to make that decision.

Virzi himself was part of the team that checked the origin of the donations. The PRD says that it received approximately 2.5 million balboas to 3 million balboas in monetary contributions during its political campaign.

He added that 12 donations were rejected by then presidential candidate, Ernesto Perez Balladares, because he considered them to be suspicious or because they committed the PRD is some way.

Virzi also reported that he collected some 940,000 balboas for the campaign in three accounts which he had in Panama City and Santiago [Veraguas Province], and which he handled together with Garcia de Paredes and Mora. In these accounts, they deposited about 100 checks that ranged from 1,000 balboas to 100,000 balboas. They never received cash. [passage omitted]

Panama: President Suggests Change in Banking Laws

PA2606032796 Panama City Circuito RPC Television in Spanish 2300 GMT 25 Jun 96

[From the "RPC Television News" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] [Announcer Celiano Fonseca] President Ernesto Perez Balladares has suggested a change in banking laws so banks will not be caught by surprise by ill-gotten money as he was.

[Reporter Abdiel Antonio Gutierrez] President Perez Balladares took advantage of the swearing-in ceremony of the new members of the National Banking Commission to refer to the statements made against him following the confession that his election campaign was tainted with ill-gotten money:

[Perez Balladares] "I am certain prestigious and strong banks have been caught by surprise, as I was, by the detection of accounts tainted with crime. The fact that a person being investigated in connection with a crime opened accounts in a bank and the fact that executives from this bank are linked to a specific political campaign do not link this campaign with the alleged criminal. Allowing these types of insinuations under the protection of events that are not interconnected, except by a political diatribe, will wind up eroding the credibility of our banking and political systems."

[Gutierrez] He also has talked about the changes the current circumstances demand for banking laws to avoid more surprises:

[Perez Balladares] "All of us have to design new forms of preventing the system from being infiltrated by drug trafficking money. We all have to make the changes so there will be no upheavals and so an adequate supervision will not hinder the normal progress of banking activities."

[Gutierrez] President Perez Balladares has appointed the replacements of the outgoing members of the National Banking Commission on behalf of the various institutions that make up this commission, which regulates the activities of all the banks operating in our country.

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Meanwhile, Olegario Barrelier, a National Banking Commission member and Chase Manhattan Bank manager in Panama, has agreed that the National Banking Commission could turn itself into a bank superintendency and that banking confidentiality could stop being as strict as it is now.

[Barrelier] "The supervising body, whether it is called the banking commission, bank superintendency, or whatever, must have the administrative independence, the independence of opinion, and the financial independence necessary to be able to perform its job. Society is entitled not to have this privacy being used to conceal illicit activities."

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Argentina

Argentina: Charges on Arms Sales to Ecuador Expanded

PY2606032096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1834 GMT 20 Jun 96

[FBIS Translated Text] Buenos Aires, 20 Jun (NA) — Attorney Ricardo Monner Sans today expanded his charges on the illegal arms sales to Ecuador when this country was at war with Peru. He raised the possibility of Argentina having "violated" the 1944 Chicago Convention.

Monner Sans expanded his charges before Federal Judge Jorge Urso, who is investigating Argentine war materiel sales. He explained that our country had allegedly violated the aforementioned treaty "by permitting a civilian plane to transport arms and ammunition to a nation that was at war."

The attorney also noted that the U.S. company Fine Air [preceding two words in English], which transported the arms and ammunition, "should be investigated" by the United States. To this effect, "international cooperation" should be solicited, he said.

Monner Sans also noted that, in keeping with Aviation Code and Air Force Police regulations, Air Force officers would be held responsible in this controversial case. He argued: "Their duty was to prevent those departures and file criminal reports on them."

Monner Sans emphasized that the responsibility of some Military Industries officials "does not mitigate the defense minister's own responsibility." He noted: "If it is proven that Defense Minister Oscar Camilion, the ministers, and President Carlos Menem were actually deceived, Camilion would still be responsible for not preventing the flights."

Monner Sans noted that the remarks voiced by Defense Minister Oscar Camilion to the effect that the 155-mm guns that cropped up in Croatia could have been seized by the British during the Malvinas War "contradicts the Rattenbach Report" that discoverd only three guns of this type used by Argentine troops in the archipelago.

The attorney pointed out that Lieutenant Colonel Diego Palleros, who is at large, "was notorious for his irregular activities in a previous deal." He noted: "Both the Defense Ministry and the Foreign Ministry should have known this."

Argentina: JCS, U.S. Military Official on Joint Projects

PY2506202796 Buenos Aires TELAM in Spanish 1637 GMT 21 Jun 96

[FBIS Translated Text] Buenos Aires, 21 Jun (TELAM) — General Mario Candido Diaz, joint chief of staff [JCS]; and General William David, U.S. Southern Command Operations chief, today agreed to resuscitate bilateral military cooperation projects.

After the meeting, Diaz said: "This visit reflects the long-standing and excellent understanding between the U.S. and Argentine Armed Forces. The visit seeks to resuscitate bilateral cooperation, with the goal of enhancing it."

Gen. David heads a military delegation that is paying an official visit to Argentina, seeking to exchange experiences on the UN peace missions.

Diaz said "the noble goal of" this delegation "involves enhancing and reinforcing old friendships" and "committing ourselves to more joint efforts toward enhancing integration, cooperation, and mutual support, based on fruitful exchanges of ideas and agreements."

Diaz acknowledged that they reviewed the UN peace operations, seeking to "achieve interoperability wherever our presence is required to guarantee peace and security as an effective system at the service of the noblest ideal of defending human beings."

The foreign military officers later visited the Joint Training Center for Peace Missions [Centro de Adiestramiento Conjunto Para Misiones de Paz], headquartered in Campo de Mayo, where they met Army Military Institutes Director General Rodolfo Rolando. They exchanged experiences and information on training programs for peace operations, and subsequently signed a record of agreements achieved.

Argentina: Cabinet Chief Announces Reorganization Process

PY2606003196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2310 GMT 24 Jun 96

[FBIS Translated Excerpt] Buenos Aires, 24 Jun (NA) — Chief of Cabinet Jorge Rodriguez announced tonight that during the initial phase to restructure the public administration within the framework of the state reform, 19 secretariats and 40 undersecretariats will be abolished.

Rodriguez emphasized that despite this streamlining, there will be no dismissals. He said the number of employees to be placed on the list of availability will be confirmed within the next 30 days.

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In reply to a specific question, Rodriguez said: "If you are asking if this reform will increase unemployment, my categorical response is no." He noted that the reform seeks "to achieve a state that supplies more effective services."

The chief of cabinet also announced that the official news agency TELAM "has entered a liquidation process." In keeping with this process, TELAM will operate as a news agency but will no longer handle official public relations. [passage omitted]

Argentina: Ecuadoran Foreign Minister Interviewed

PY2506224596 Buenos Aires CLARIN in Spanish 21 Jun 96 p 30

["Exclusive" interview with Ecuadoran Foreign Minister Galo Leoro Franco with Sergio Persoglia in Buenos Aires — date not given; copyrighted by CLARIN]

[FBIS Translated Text] [Persoglia] Did you negotiate this purchase [of arms] with Argentine Government officials, which was accomplished even though Argentina is a guarantor of the peace treaty signed between Ecuador and Peru [in Rio de Janeiro in 1942]?

[Leoro] There were no negotiations between the two governments. The Ecuadoran Army closed a deal with an Ecuadoran middleman company.

[Persoglia] But did your country purchase arms, ignoring their point of origin?

[Leoro] We did not know. We purchased them from an Ecuadoran company. Purchasing Argentine arms is not the same as purchasing arms from Argentina: Arms can be purchased outside a country. It is possible to find Russian war materiel in Poland. We never believed we were purchasing from the Argentine Government.

[Persoglia] But the guarantor countries imposed an arms embargo on your country.

[Leoro] The arms embargo did not exist when we signed the contract. It was approved later and we were notified 16 days after the embargo was approved.

[Persoglia] Marco Villa Jaramillo, an Ecuadoran military officer, participated in this deal.

[Leoro] He is a retired military officer.

[Persoglia] Many people claim he was present at the Ezeiza international airport when the arms were shipped.

[Leoro] Had he been there, the materiel would not have arrived the way it did: in bad condition. Retired Ecuadoran military officers do not work for the Armed Forces, and this is no exception. But he included in his business card some data linking him to the Armed Forces. Therefore, he can be sued.

[Persoglia] What happened then to the arms?

[Leoro] The arms were never used. They have not been and never will be used. They could endanger the lives of soldiers handling them, as they were in bad condition. They were returned to the supplier. The Army does not have these arms any longer.

[Persoglia] The Argentine courts sent two petitions to Ecuador, seeking data and depositions by people involved in this case. What is the status of these petitions?

[Leoro] The Foreign Ministry received them and sent them to the Supreme Court, which must pass judgment on them. There is no deadline for a response. However, we processed the paperwork. We did not halt it. Thus, we expressed our political decision for a response.

[Persoglia] Do you believe someone is using this issue to discredit Ecuador?

[Leoro] Too much fuss has been made on this issue, which represents a tremendous exaggeration. This scandal has been encouraged by Peru.

[Persoglia] What is the current status of the peace talks?

[Leoro] We still have to achieve an agreement on the procedures that will be used to achieve a final solution. It is necessary to define details of the 1942 Rio de Janeiro Treaty. The terrain makes it impossible to implement this treaty the way it is now.

[Persoglia] What about the situation at the border?

[Leoro] The Peruvian demobilization did not happen. We have asked the observers from the guarantor countries for their opinion on this issue, but they have not given it. This causes unrest. If the Peruvians do not withdraw, it is not because they are on vacation.

Argentina: Cavallo's Political Panorama Viewed

96SM0386A Buenos Aires CLARIN in Spanish 16 Jun 96

[Commentary by Eduardo van der Kooy — received via Internet]

[FBIS Translated Text] Ever since the minister received signals of support from Menem, the air in the administration has once again been rarefied. Cavallo is battling with Justice over the Banco Nacion issue and over a suit filed by Judge Belluscio that is reportedly going to be decided against him. He fears the Economy Ministry will be split up and is resisting a plan by Barra to have the government pay for lost legal battles.

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Once again, an inexorable rule of power seems to be holding true. Whenever Domingo Cavallo tries to rebuild his political strength, the winds of factionalism begin to blow, which also tends to aggravate the minister's ineptitude.

The last time he had a fit of anger, when he complained of "judicial harassment" nearly a month ago, Cavallo received signals of unequivocal support from Carlos Menem. He was able to control the privatizations of Yacyreta, the nuclear power plants, and the airports the way he wanted; at any rate, they must go through the parliamentary filter.

He managed to block a project that was threatening to interfere with the collection of a new wealth tax, and before that, the president did him a favor by promulgating a decree modifying a number of internal taxes, "despite Congressional opposition." The international scene also contributed to the minister's haymaking. The head of the International Monetary Fund (IMF), Michel Camdessus, came through Buenos Aires 20 days ago making gestures of solidarity with Cavallo and promising, if necessary, a financial shot in the arm for the economic plan.

The minister did not travel with Menem to Europe, but he was in Brazil to help dilute the ominous forecasts issued by German-American economist Rudy Dornbusch on the fate of the real.

It is true that convertibility's future is too dependent on the Brazilian market (Argentina sends a quarter of its exports there), but it is no less true that the presence of an economy minister in our country who is so highly respected by the powers that be is unheard of in modern politics.

Here the situation looks different. On 4 June, in the presence of businessmen and bankers, Cavallo announced another month of zero inflation and, for a change, the end of the recession.

Only one of the two premises rang true. The economy is not yet showing strong signs of recovery, and the data cited by the minister appear partial, mixed, and in contrast to the cycles of sharp declines in activity over the past year.

Peronist ministers and legislators seize on that point to contend that Cavallo is still resting on his laurels. The impact of stability has not lost its importance, but it is supposedly not enough, "in 'their' opinion" to develop growth policies.

They dispute the economy minister's prescriptions, which are now oriented toward bringing about a new belt-tightening in the government and improving tax collections. They grumble that it is intolerable that the government does not have 2 million pesos to give the political parties for the elections in the capital; the situation of the Armed Forces is aggravated by the reluctance to let go of a million and a half so that the Navy can participate in the UNITAS [expansion unknown] exercises.

There are other reasons, "of a different type," that do not allow Cavallo to take his ease. The conflict over the alleged payment of bribes in the contract between Banco Nacion and IBM is snowballing, implicating the administration and the minister ever more deeply.

The statements by former Banco Nacion Director Ricardo Imposti and Julio Dentone, "both of them linked to Menemism," that Cavallo was aware of the entire negotiation placed him in an awkward position: He had to invoke his office, exercising his privilege, in response to a request for clarification from Judge Adolfo Bagnasco, who reportedly was not happy.

Banco Nacion's decision to revoke the pact with IBM served to stanch some of the crisis, although it also raised legal and political doubts.

In view of this situation, the opposition did not wait long to attack. The Radicals, in a bit of exaggeration, compared it to the Senate's recent decision to revoke Eduardo Angeloz' immunity from prosecution, the same privilege that Cavallo invoked in response to Bagnasco.

Grand Front Deputy Chacho Alvarez decided to go heavy on the political responsibility the president and his minister may bear for signing agreements with IBM that would also affect other areas of the administration.

Cavallo no longer seems to have "at least in this case" certainties to back up his belief in "judicial harassment." But he has not managed to bury for good the suspicion that he believes was engendered in the judicial branch by the Peronist-Radical partnership forged in the Olivos pact.

The minister defused a bomb a few days ago when he publicly apologized to Enrique Petracchi, whom he had called "corrupt" because of the disappearance of a Supreme Court judgment on the failure of a bank in 1993. The judge therefore agreed to withdraw a lawsuit against Cavallo.

The retraction marked the culmination of tortuous negotiations that were of limited success. The auditor general of the nation, Radical Enrique Paixao, acted on behalf of Petracchi and Augusto Belluscio, "who was also included in the minister's statements." Cavallo was represented by his secretary of coordination, Horacio Liendo, among others.

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The first agreement rested on a truce which entailed a long-term stay of the suits filed by the members of the Supreme Court, and Cavallo's silence. The dam burst when the minister repeated his attacks on Belluscio earlier this year: There was no more room for apologies, and the judge activated his suit, which "Justice sources say" will soon put Cavallo in the hot seat.

Perhaps because Paixao, "one of the architects of constitutional reform," was involved in the affront, the economy minister believes he sees some Radical motives behind the transaction, and probably some Peronist ones as well.

The suspicion is, in fact, mutual. Most Radicals assume that Cavallo had a lot to do with Eduardo Angeloz' demise in Cordoba, and consequently, with the charge of illicit enrichment that the former governor now faces.

These are more than assumptions. Angeloz told Menem this during the secret meeting they held on the morning of Tuesday the 4th, just one day before the Senate decided to strip the former governor of his immunity.

The meeting was the last straw at which the Radical leader grasped to try to avoid the unavoidable. The president did not object, and the two of them secretly met in an apartment located in Recoleta with few witnesses. Only a pair of Cordoban politicians were at Angeloz' side, and Alberto Kohan served as Menem's second.

The outcome of the encounter had little to do with what the Senate decided, and it may provide an explanation for the former governor's subsequent surprise.

"Pocho, you can count on me. I will never forget our long friendship," Menem is reported to have gushed. They hugged, patted each other on the cheek, and, perhaps moved by so much passion, ended up in tears.

It appeared, however, that political considerations weighed more heavily than anything else. The president feared that the entanglement with the Radicals would raise further questions about the Menemists' political conduct and would give the Front more ammunition. The ruling party senators' growing support, "which was ultimately consecrated," for revoking Angeloz' immunity also jeopardized their unity, which was finally preserved.

Cavallo's concerns appear to have been prompted by both the opposition and the administration itself. The minister is convinced, for example, that Corach made a mountain out of a molehill in his attempt to link former Prosecutor Luis Moreno Ocampo, "adviser to the Economy Ministry," to an international organization's report on corruption that left the administration with egg on its face.

This is not the only issue coming between the two officials. Cavallo fears that Corach will work through the chief of the cabinet to encourage some mutations in the structure of the Economy Ministry, which could turn into the second shakeup of the administration.

In short, the ministry would split into three parts: Economy, Finance, and Production. There is even mention of candidates for the offices at Cavallo's side. If the opinion polls are right and Fernando de la Rua wins the election in the capital, the name of Jorge Dominguez is being bandied about as a possible companion minister.

That idea still has a long way to go to become a reality, "if it ever does." On the other hand, the project that Rodolfo Barra has just promoted, which would condemn the state to paying the judgments against it without delay, is a threat that could now blow up in Cavallo's face.

A single fact suffices: The law was already passed by the Chamber of Deputies during the traditional marathon session at the close of last year's term, and it is being studied in the Senate.

In Cavallo's opinion, that regulation would have disastrous effects on convertibility. The amount the government is estimated to owe to businesses and individual litigants exceed 16 billion pesos.

There is another issue on the table. The justice minister is also pushing a project to create an agency to combat money laundering, which Cavallo would like to have within his orbit.

The tug-of-war appears to be going in Barra's favor after the president's intervention and the cabinet chief's approval; the two of them established criteria different from those of the Economy Ministry, including the direct role that Drug Enforcement Secretary Julio Cesar Araoz would play.

Rodriguez' position took Cavallo by surprise, and he began to have a bad taste in his mouth when the cabinet chief insisted on the need to prune the ministry's draft.

Perhaps that is the only way to understand the exchange of favors. Last week the economy minister sent Rodriguez an "urgent" decree broadening the base of the nontaxable minimum for the public administration. This was another turn of the tax policy screw.

The head of the cabinet asked around before signing his name to the document and sending it over to Carlos Ruckauf, who was overseeing the presidency in Menem's absence.

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The alarm bells clanged. The vice president realized that promulgating that decree would automatically derogate a previous one, with just the opposite effect, that Menem had approved.

It took Ruckauf only a couple of seconds to imagine the conflict that a decision of this nature would have sparked in the administration. Among other reasons, there was the considerable influence that public employees exert on the electoral map of the capital, where a mayor will be elected in two weeks.

Ruckauf and Rodriguez tabled the decree to await Menem's return, but first they roundly criticized the economy minister's trick and put another black mark by his name.

For one reason or another, the floor has begun to tremble again under Cavallo's feet.

Argentina: Invap To Compensate Iran for Breach of Contract

96SM0397A Buenos Aires CLARIN in Spanish 6 Jun 96 p 15

[Unattributed article: "Nuclear Equipment: Argentina Pays an Indemnity to Iran"]

[FBIS Translated Text] The government will pay $5.5 million to Iran as an indemnity for the unilateral cancellation of two contracts in 1992 to provide nuclear equipment for peaceful uses, official sources confirmed to CLARIN. The contracts were for $48 million and were canceled at the express request of the Government of the United States.

At the beginning of 1992, the state enterprise Applied Research (Invap)—one of the few Argentine firms that works with advanced technology—was boarding equipment for the construction of a pilot plant to purify uranium for peaceful purposes, when the Foreign Ministry gave the order to halt the operation. Invap is owned by the National Atomic Energy Commission (CNEA) and the Province of Rio Negro. Iran is a member of the International Atomic Energy Organization and of the Non-Proliferation Treaty (of nuclear weapons), but the United States suspects that Iran wants nuclear technology for peaceful purposes as a base from which to develop an atomic bomb, which Iran denies.

On the other hand, a third contract to reduce the level of enriched uranium in the core of the research reactor of Teheran University was completed by Invap without objections by the United States.

An Out of Court Agreement

The indemnity was agreed upon out of court, after the Iranian judiciary officially notified the Argentine Government of the start of a law suit for $90 million against the Argentine State.

Negotiations between Invap and the Iranian nuclear energy organization were conducted last month in Vienna. The government approved the agreement "to avoid a trial in an Iranian court," sources explained.

Invap was represented in the negotiations by its president, Eduardo Otheguy, who is a member of the group that is accompanying Foreign Minister Guido di Tella on a visit to Vietnam and Thailand. Invap would like to win a contract to build a nuclear plant in Thailand, having already won a contract in Egypt.

Now the problem with Iran is, who is going to pay the indemnity? Invap canceled the contract, which was a commercial agreement and not an agreement between states, because of a political decision by the government, and now it does not have the funds to pay such an indemnity.

Since the 1994 bombing of the AMIA [Argentine-Israelite Friendship Association], Argentina and Iran have diplomatic relations at the level of charge d'affaires.

Bolivia

Bolivia: News Summary for 24 Jun

96CA0221A (Internet) Bolivian Social Communications Ministry WWW in Spanish 24 Jun 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt] [passage omitted]

Front Page News Briefs

Altiplano Security Plan Begins

On Friday [21 June] a special security plan ordered by President Gonzalo Sanchez de Lozada began. The police will maintain "an extraordinary presence" in a number of communities. They will patrol all areas. The Army will set up outposts. The Navy will monitor river communities and will patrol on Lake Titicaca. The vigilance committees will provide information and the municipalities will provide office facilities for the police. Today the Minister of Government and the FFAA [Armed Forces] and Police commanders will go to Ancoraimes.

Article 60 Agreement Remote

President Gonzalo Sanchez de Lozada, speaking in Santa Cruz yesterday, said: "We are still far from an

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agreement on Article 60" of the Constitution which calls for the uninominal election of deputies. "The situation is very complicated," said the president, who is now in Buenos Aires where he expects to sign a preliminary free trade agreement with Mercosur.

Government Agreement with ENRON

After lengthy negotiations, the petroleum company executives and Bolivian government officials have reached a satisfactory agreement, whose terms will be revealed this afternoon. Although the official version is not yet known, it is assumed that the company will not be excluded from the YPFB [Bolivian Government Oil Deposits] privatization process. [passage omitted]

Political News [passage omitted]

Poverty Should Not be Exploited for NGO's

MIR [Movement of the Revolutionary Left] Deputy Hugo Carvajal has asked the MBL [Free Bolivia Movement] not to commercialize Bolivia's poverty to obtain resources from abroad and use these funds to set up Non-Governmental Organizations (NGO's).

Rejecting the position of Deputy Miguel Urioste, who termed the investigation that will be conducted of the MBL connection with the NGO's "political," Carvajal said that this attitude gives the impression that they want to conceal the existing ties, as the first news of this matter was published in the press.

Drug Traffic Using MIR Against NGO's

The drug traffic, working through the MIR, is campaigning against Bolivia's NGO's, said MBL leader Miguel Urioste, referring to the investigation ordered by the Chamber of Deputies.

"I think this is being driven specifically by an action taken by MIR, a party which has been discredited because of its links with the drug traffic, and so it is, therefore, a campaign by the drug traffic against the NGO's in Bolivia," he said in response to questions about the investigation of the alleged ties between the MBL and at least 32 NGO's.

"Sobredietas": Negative Impact on Chamber

The outcome of the "sobredietas" [congressional corruption scandal in which deputies tried to lengthen their government service time to qualify for larger longevity bonuses] case is completely negative for the Chamber of Deputies, because an unending series of mistakes and violations of procedures have been committed, damaging the image of Parliament, acknowledged the president of the Constitution Commission, Edil Sandoval Moron.

The government party deputy, who has been a "fervent defender" of the deputies implicated, said that the errors began right from the start and followed in succession "one after the other," caused by pressures from the press and public opinion. [passage omitted]

Economic News

Production Needs to Improve for Mercosur

Economic analyst and professor Armando Mendez said that Bolivia has no alternative: it must improve its production and become more efficient in order to compete in the Common Market of the South [Mercosur], because "whether we like it or not," our national future is in this market.

Mendez declared that he firmly supports the initiative of signing the free trade agreement between Bolivia and Mercosur, the principal aim of the trip by President Gonzalo Sanchez de Lozada.

ENRON Negotiations: No End in Sight

National Energy Secretary Mauricio Gonzalez reported that substantial progress has been made, but it is still not known when the contract negotiations with ENRON, the gas transporter for the gas pipeline to Brazil, will be concluded.

Saturday's talks were conducted in the presidential residence of San Jorge, where chief executive Gonzalo Sanchez de Lozada was briefed on the positions which the two parties are discussing. [passage omitted]

Brazil

Brazil: Aid to Paraguay Said To Awaken 'Suspicion'

PY2506031696 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Jun 96 p A14

[By Jose Casado]

[FBIS Translated Excerpt] Asuncion — The 30th anniversary of the signing of the Act of Iguacu Falls was commemorated on 22 June. This document created an association between Paraguay and Brazil for construction of the Itaipu hydroelectric power plant, the world's largest power plant. There were no celebrations, and this was done on purpose, because Itamaraty [Brazilian Foreign Ministry headquarters] ordered that there be no celebrations on the Brazilian side.

This made the Paraguayan Government keep silent. The Paraguayan Government proposed a major celebration, but it could only arrange a six-hour visit to Asuncion by President Fernando Henrique Cardoso on 26 June.

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The reason is a person: Juan Carlos Wasmosy, the first civilian Paraguayan president elected in the past four decades. Shaken by a coup attempt in April, his government has been unable to overcome the institutional crisis, while it remains entangled in corruption charges, becoming increasingly isolated.

Economic Aid

In a political gesture, the Brazilian Government decided to extend financial aid to Paraguay, facilitating the payment of debts contracted for the construction of Itaipu. Yet the decision has caused surprise in Brasilia and suspicion in Asuncion.

The agreement establishes that Paraguay will make a $140 million payment on the debt it owes to the Banco do Brasil, using Brazilian foreign debt certificates. This was already done in 1994 with a $96 million payment.

For the Paraguayan Government, it is an excellent deal: For each $100 owed to Brazil, it will only have to actually disburse $35, because it will buy Brazilian debt certificates on the world market, with a discount of up to 65 percent of their nominal value. The certificates will be transferred to the Brazilian Government for their nominal value.

Brazil lent money to the Paraguayan Government 22 years ago to form the binational enterprise to build and operate the Itaipu plant. The Paraguayan debt currently surpasses $2 billion.

In light of the crisis in the Wasmosy administration, Planalto Palace asked for "very urgent voting" by Congress on the authorization of this financial aid to Paraguay. Yet suspicions have arisen about middlemen's activities in the purchasing of Brazilian certificates abroad, with the alleged collecting of $15.2 million in commissions (10 percent in 1994 and 4 percent now), involving allies of the Paraguayan president.

Protest

Opposition deputies have protested. "I asked the government for an explanation; I waited 40 days and received no answer, for which reason I returned the bill," Max Rosenmann (PDT-PR) [Democratic Labor Party-Parana] claimed. In a discreet move, government leaders in Congress managed to have the bill approved in the Chamber of Deputies last week. The bill was then submitted to the Senate.

Wasmosy became synonymous with political problems within Mercosur [Common Market of the South], which is experiencing an economic boom. For the Brazilian Government, however, a problem emerges whenever the name of the Paraguayan president appears in association with Itaipu. He was one of the main links of the alliance between Brazilian and Paraguayan construction companies for the largest public works entrepreneurial project ever implemented in Paraguay, the construction of the Itaipu plant. Initially budgeted at $2.3 billion, it ended up costing $21 billion, 50 percent of which is interest. [passage omitted]

Brazil: Official Views Benefits of Mercosur-Chile Deal

PY2506191696 Sao Paulo GAZETA MERCANTIL in Portuguese 21-23 Jun 96 pp A1, A4

[Report by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Text] A senior Brazilian administration official said yesterday [not further specified] that, in addition to bringing trade benefits to Brazil, the Mercosur [Common Market of the South]-Chile free trade agreement will enhance Mercosur's bargaining power. According to Jose Botafogo Goncalves, Foreign Ministry under secretary for integration and economic affairs, Mercosur "is increasingly assuming a central role in the South American integration process and thus it will have a better bargaining position within the future Free Trade Area of the Americas (FTAA), as well as in its negotiations with the European Union (EU)."

Botafogo also said that the signing of an agreement between Mercosur and Bolivia is still unlikely during the Mercosur summit in San Luis on 25 June. He noted, however, that an agreement with Bolivia would be signed by the end of this year. The presidents may sign, however, a statement outlining the progress made in these talks. Mercosur also plans to sign a third free trade agreement this year, with Venezuela.

One benefit the above agreement will bring to Brazil is the zero tariff Chile will start according to Brazilian buses (135 units) and Argentine buses (15) as of October, when the agreement will go into effect. Chile will also grant a 75-percent discount on its 11- percent tariff to 2,000 Brazilian-made trucks, 1,500 chassis for buses, 1,000 bodies for trucks, and 800 coaches.

At present, Brazilian auto exports to Chile account for $250 million, which are subject to Chilean import tariffs and have to compete with similar items from Mexico, which has already signed a free trade agreement with Chile. Brazilian-Chilean trade stood at $2.3 billion in 1995.

Chile has also given up on being assigned a quota to supply wine and peaches in syrup to the Brazilian market. This will benefit the Rio Grande do Sul producers of these items. Industry and Commerce Minister Francisco Dornelles told reporter Leandra Peres that Mercosur has

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not extended to Chile the benefits accorded to Mercosur member countries regarding paper and cellulose. He added that the Mercosur tariff for Chilean copper will remain unchanged.

Chile will gradually reduce import tariffs affecting Brazilian auto parts; that is, it will initially accord them a 40-percent margin of preference (tariff discount) and it will ultimately grant them a zero tariff after eight years. Regarding products mentioned in the adjustment list (which includes those items that are still subjected to tariff payments among Mercosur member countries), Chile will receive the same tariff benefits accorded to the four Mercosur member countries; that is, Chile will not receive higher benefits than those accorded to the Mercosur member countries.

Botafogo stated that the two sides reached a good understanding in terms of normative rules. Any side signing agreements other than those envisaged in the 1980 Montevideo agreement — which created the Latin American Integration Association (Aladi) — will inform the other side on such negotiations within 15 days.

This means that if Chile starts negotiations with the North American Free Trade Agreement (NAFTA), it will have 15 days to inform Mercosur and to offer it the package negotiated with NAFTA. If Mercosur accepts, a process to negotiate equivalent concessions will get under way. If no agreement is reached, compensations will be negotiated and, if the impasse continues, a process for solving controversies will be set in motion. The commission charged with managing the agreement will form "a panel" (a committee of specialists) to pass judgment on the case.

This new mechanism represents a step forward regarding the mechanism established with Mexico, Botafogo said. Because Mexico — a member of NAFTA — is unwilling to extend the same benefits it has accorded to the United States and Canada to its Latin American countries, it has been forced to pay compensations to those countries claiming to have suffered losses. The above system has been established under Article 44 of the Treaty of Montevideo. Botafogo said: "Mexico has never paid any compensation to anyone. It has reneged on its obligations." This is why Mercosur and Chile have restricted each side's freedom to negotiate with third parties.

Herewith are other main features of the agreement to be signed with Chile: a three-year grace period for starting a process of reducing tariffs on sensitive products and an initial 30-percent margin of preference; a period of 10 to 15 years for the reduction to zero of tariffs applicable to products included on the exception list. Effective October, there will be a 40-percent margin of preference for all products. In eight years, virtually all tariffs will be reduced to zero.

One of the main issues on the agenda of the Mercosur summit in San Luis will be the democratic clause, which will require political consultations among the four member countries. Botafogo said: "The Paraguayan crisis has brought to the fore the need for Mercosur to adopt mechanisms for preserving democracy."

Brazil: Motta Seeks Earlier Voting on Cell Phone Bill

PY2506120596 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jun 96 p B7

[Article by Rosa Costa]

[FBIS Translated Text] Brasilia — Communications Minister Sergio Motta has managed to convince the senators to step up voting on the draft bill regulating cellular telephone services. He discreetly centered his efforts to have the bill approved in July on bill rapporteur Senator Ney Suassuna (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba], the party leaders, and Senate President Jose Sarney (PMDB-AP) [Amapa]. Motta claims that Brazil cannot wait any longer for investments to be made in the telecommunications sector. Based on the agreements reached so far, the bill on cellular telephone services will be ready for approval by President Fernando Henrique Cardoso by 25 July, during the special Congress sessions.

Senator Jose Sarney believes the bill should be approved as soon as possible. Senator Suassuna agreed with the idea of allowing the bill to be simultaneously discussed in three different committees: Constitution and Justice, Economic Affairs, and Infrastructure. According to Suassuna's statements so far, he does not seem willing to modify the bill approved by the lower house, which the government wants to maintain without changes. PFL [Liberal Front Party] leader Senator Hugo Napoleao (PI) [Piaui] presented four amendments modifying the bill approved by the Chamber of Deputies, but he pointed out that his intention is to mark the position of his party and not to obstruct the approval of the bill.

Brazil: Data-Gathering Satellite Project To Restart

PY2506234496 Sao Paulo GAZETA MERCANTIL in Portuguese 21 Jun 96 p C6

[Article by Virginia Silveira]

[FBIS Translated Text] The National Institute of Space Research (INPE) will restart developing the third data gathering satellite (SCD-3), which had been postponed because of the cancellation of bids to contract seven

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enterprises to construct satellite systems in 1995. Legal disputes over bids delayed the process, and the project funds had to be returned to the government.

To accelerate the development of the SCD-3, INPE sponsored a new and single tender which will construct the entire satellite, from design to construction, including its operational integration and testing. Engineer Carlos Santana, INPE engineering coordinator general, explained that enterprises interested in participating in the new tender, whose documents will be published in August, may form associations with foreign enterprises.

He added: "Our only demand concerns the participation of Brazilian enterprises in the project, which should be at least 50 percent." He said the new tender will be awarded on the basis of the best technical proposal. INPE estimates show the development of the SCD-3 should cost about $20 million. The satellite will be ready within three years from the signing of the contract with the winning enterprise.

The SCD-3 will perform the same functions as the first satellites of the series; that is, the retransmission of data on the environment through automatic stations spread all over Brazil. The only difference between the SCD-3 and the SCD-1 and SCD-2 will be the presence of a package to test a mobile telephone system. This experience will give INPE the background to start developing low-altitude communication satellites, within the project known as ECCO.

Data gathering services are today rendered by the first satellite of the series, which was launched in February 1993. The satellite is reaching the end of its useful life, but it is still operating precariously. The launching of the second satellite, the SCD-2, scheduled for the first half of 1997, depends on the selection of the rocket, which will be made through an international tender.

The Brazilian Space Agency (AEB) has stated that the tender document for the SCD-2 will be published in the second half of 1996. The initial proposal was to launch this satellite with the Brazilian-made VLS [Satellite Launch Vehicle], which is being developed by the Aerospace Technical Center (CTA). The rocket project suffered several delays because of a shortage of funds, and its launching timetable has been postponed until the end of 1997.

The qualification of the VSL, which was to have been established with the launching of the SCD-2, will be made with another satellite called SCD-2A. Engineer Santana said this satellite is already available to the Aeronautics Ministry at INPE, and it is ready for launching. The SCD-2A is a reproduction of the second satellite, and its development did not entail any additional cost to INPE. He said: "We assembled it from backup equipment of the SCD-2, which was not used during the tests."

CTA Director Brigadier Reginaldo dos Santos said the new delay in the VLS development program was to a large extent caused by the delay in the transfer of funds for the project in 1995. He said: "Almost 60 percent of the program's budget was transferred as late as December." This harmed contracts and purchases of components abroad. He explained that of the 19 million reals [R] provided for in the budget, only R7 million was transferred.

This year the CTA expects to receive R17 million for the VLS. The project, which is part of the Complete Brazilian Space Mission (MECB), has been underway for 15 years at a cost of $220 million. The investment involves the construction of a launching center in Alcantara which, the CTA say, will be ready at the end of 1996.

Brazil: Experts Warn of Possible Electricity Shortage

PY2506204096 Sao Paulo AGENCIA ESTADO in Portuguese 2307 GMT 24 Jun 96

[Report by Salete Silva]

[FBIS Translated Text] Sao Paulo, 24 Jun (AE) — Experts attending today's GAZETA MERCANTIL-sponsored seminar entitled Challenges of Energy Infrastructure, believe the country is running a serious risk of a collapse in the supply of electrical energy. Joao Camilo Penna — former industry, commerce, and tourism minister and consultant for a consortium headed by Coopers & Lybrand for the reorganization of the electricity-producing sector — said the situation is so serious that the federal administration may have to announce within the next few weeks measures to save energy.

This area comprises mainly state-owned companies which need investments in order to keep up with GDP growth, even if this only amounts to 3 percent per year. Federal Deputy Elizeu Resende, member of the Energy Committee of the Chamber of Deputies, warned: "Unless something is done, the country will have to be submitted to strict electricity rationing."

Penna pointed out that for the past eight years the federal administration has not approved a single bid for the construction of any new plant. Additionally, several projects have been paralyzed and the state-owned companies do not have any capital to invest in the area. Thus, the country needs foreign investment. One of the great government challenges is the utility rate policy.

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Enterprises interested in privatization want higher utility rates in order to obtain yearly remunerations of at least 10 to 15 percent.

The federal administration hesitates to increase utility rates so as to prevent inflation, which could compromise economic stability. Penna said: "The Finance Ministry has control over utility rates, which will continue to be an important tool to fight inflation."

Penna believes some short-term immediate measures may be adopted. In addition to maintenance work, and a certain increase in utility rates, Penna believes construction work already underway must be accelerated and new bids must be approved. Penna said: "Unless the federal administration wants the next presidential elections to be held in the dark, it must adopt certain measures right now."

Brazil: Correction—Conflicts Over Land Ownership Viewed

PY2106194896 Rio de Janeiro O GLOBO in Portuguese 14 Jun 96 p 20

[Corrected version of item from the "Economic Panorama" column by Miriam Leitao: "Land Conflicts," originally filed as PY2006033596 and published on page 41 of the 20 June Latin America DAILY REPORT; retranslating term within slantlines in third paragraph]

[FBIS Translated Text] Very seldom has this country experienced a time so favorable for the implementation of the agrarian reform. Never before, however, has this country been so close to the worsening of agrarian conflicts. In the case of the Maranhao State farm where there has been a recent confrontation, for example, the dispute had already been settled: The farm was proven unproductive and was about to be expropriated. It was just a matter of time. But there was no time, however, to prevent the conflict and the deaths from occurring.

The Landless Peoples' Movement [MST] is going through a process that is quite common in those movements: Successive acts of dissidence make the movement's discourse more radical and different groups begin to make decisions independently from the traditional leaderships.

The federal administration had already detected the presence of dissident groups within the MST and was fearing this split in the movement's leadership. Nowadays, there are several /powder kegs/ in the country. The area where the recent conflict occurred in Maranhao State is one of them.

The federal administration is afraid that similar explosions may occur in the south of Bahia, in the Pernambuco and Alagoas sugarcane plantations that are in crisis, on the Paraguayan-Mato Grosso border, in Rondonia, in the eternally conflictive region in the south of Para, in the Minas Gerais-Goias border, and even in Rio Grande do Sul.

In the south-southeast area, the bureaucratic machinery is prepared to prevent conflicts from becoming worse, as they did at Pontal do Paranapanema county. In the more remote areas of the country, however, a small incident is enough to trigger conflicts.

Tensions have been accumulating as a result of decades of inequities in the countryside. These tensions are made worse now by a movement whose interest is not only to settle people. During the occupation of the National Land Reform and Settlement Institute headquarters in Bahia, the movement has also shown that it is becoming acephalous.

Nevertheless, this is the right moment to implement the agrarian reform in Brazil. Public opinion is in favor of the reform, the Army has donated land, and Congress began to defeat the ruralist bloc as occurred on 12 June at the Constitution and Justice Committee when summary proceedings for agrarian reform purposes was approved. Even the economic situation works in favor of the agrarian reform. Now that the economy is stable, it becomes too expensive to keep land as valuable reserves, because it represents the loss of an opportunity of making profitable investments. In addition, the Bank of Brazil is not the same old one that always pardoned its debtors' debts.

On 13 June, Agrarian Reform Minister Raul Jungmann signed with the Bank of Brazil an agreement establishing that the land the debtors gave as guarantee to the bank will be sold, through Agrarian Debt Bonds for agrarian reform purposes. Jungmann is intensively working in favor of the agrarian reform.

This time everything seems to be contributing to change the situation of the Brazilian countryside, particularly because these changes have been so repeatedly postponed. There is no guarantee, however, that the agrarian reform process will now have a happy ending.

Brazil: Ministers' Views on Exports Analyzed

PY2106195496 Rio de Janeiro O GLOBO in Portuguese 13 Jun 96 p 34

[Commentary by journalist Carlos Tavares de Oliveira, National Confederation of Commerce foreign trade adviser]

[FBIS Translated Text] Since the successful campaign entitled "Exporting Is the Solution," which was conducted 25 years ago by then Finance Minister Delfim

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Netto, the federal administration has not had a team as well tuned as the current one to the thesis that the foreign market is the natural path leading to the solution of most of Brazil's social and economic problems. As a matter of fact, the appointment of Deputies Antonio Kandir and Francisco Dornelles to head the Ministry of Planning and the Industry, Trade, and Tourism Ministry, respectively, has given the entrepreneurial area and the country itself the idea that the federal administration is really interested in stimulating exports nowadays.

With the planning minister's decisive support, Minister Dornelles, who is an experienced expert in the area of exports and a former Federal Revenue secretary, will certainly put into practice his former projects, which were barely enunciated during his short passage in the Finance Ministry in 1985. At that time, when he presented the program he would implement at the head of the Finance Ministry, Dornelles made a didactic attestation before Congress and asserted that "the support the federal administration gives to commercial transactions and to the amount of production earmarked for exporting must seek to solve the unfavorable situations the private area has to face." Commenting on the chronic domestic obstacles posed to Brazil's participation in the international market, Dornelles announced that he would "immediately start studying ways of reducing taxes that burden products earmarked for exporting." At the end of the deposition, and speaking in a more encompassing manner, Dornelles promised to "improve the tools with which he would defend the domestic market and to increase the country's capacity to retaliate against measures that could unfairly hurt Brazilian exports."

As we can see 11 years later, the problems faced by the area and the solutions suggested by Dornelles are still valid. In a recent meeting at the Association of Brazilian Exporters, the entity's president — Pratini de Morais — and Minister Dornelles reviewed the main obstacles that, for decades, have been preventing our national exports from increasing: excessive fiscal burden, lack of appropriate financing, and the high cost of port services. Exchange market imbalances — which indeed exist but not to such an excessive degree as economist Dornbusch says — are a result of the Real Plan, and the administration is eliminating them gradually. Once the three other problems (taxes, financing, and expensive port services) are solved, even partially, Brazilian exports will increase and absorb the exchange impasse.

By appointing Kandir for the Planning Ministry recently, President Fernando Henrique Cardoso confirmed his interest in making exports an important pillar of the country's economy. The visits President Cardoso has paid to the United States, Germany, Japan, and the PRC seem to be bearing fruit. These countries fully profit from the foreign market advantages in order to promote economic development and create new jobs.

In his installation speech, Minister Kandir expressed his absolute faith in the results of an adequate exploitation of the foreign market by saying: "In order to eliminate impairments to economic growth, we must, first of all, expand the country's exporting potential." The nations that do not make their exports more dynamic, he said, are condemned to remaining at the margin of the international economy and are subject to it. He concluded: "This is not the path we will tread because we have a considerable potential concentrated in the private area and we will increase it further." Literally within the basic lines of the exporters' long-standing, genuine, and unfulfilled claims, Kandir pointed out three fundamental actions. The first one seeks to eliminate the characteristics of the taxation system that work against exports, by canceling or reducing taxes, such as the Goods and Services Movement Tax and contributions to the social system.

The second one seeks to increase resources for the financing of exports as well as facilitate exporters' access to the Fund for Financing Machinery and Equipment. The third and final one is the unquestionable priority that must be given to improving the country's infrastructure: ports, railways, highways, and telecommunications. As we can see, the two ministers' programs seeking to support exports coincide fully. If they succeed in implementing at least half of these measures, Brazil will achieve effective conditions to compete in the international market and will recover the amount of participation it used to have in this market. This will be beneficial, in particular, because the Cardoso administration has been responsible for a new loss: In 1995, while international exports increased by 8 percent, Brazilian exports increased by only 6.5 percent.

Brazil: Economist Dornbusch's Arguments Examined

96SM0388A Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Jun 96

[Article by Celso Lopes: "Dornbusch Again (1)" — received via Internet]

[FBIS Translated Text] The storm provoked by economist Rudiger Dornbusch of the Massachusetts Institute of Technology (MIT) has generated more heat than light—and not necessarily by his fault. Like the game of "wireless telephone," some of his initial ideas got so mixed up on the way that they ended up unrecognizable. Most people have not even bothered to discuss

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ideas. Among other things, Rudi was accused of being a foreigner (a German living in Boston and talking about Brazil!), an imbecile, a madman, a person who resented being rejected by the PUC [Pontifical Catholic University] of Rio de Janeiro (!!), a man who improvised analyses in order to get rich, and even of having a former wife who worked in the Ministry of Finance (!!!). Drivel aside, the fact is that a month and a half after his first interview—with FOLHA DE SAO PAULO—he is still the target of a profusion of articles and commentaries. All for one reason: like nearly everything he does, what he said about Brazil is controversial but touches on a few central issues that half a dozen insults are not able to exorcise. Two of those issues: 1) the stabilization model followed by Brazil presents the (not immediate) risk of ending in an exchange crisis; and 2) it carries a cost in terms of slow growth that could be avoided with a more aggressive exchange policy, even though at the expense of slightly higher inflation.

Accepting either of those arguments is not a trivial matter, but understanding what is behind them is worth the trouble. An article published last year under the title "Currency Crises and Collapses" and written by him in collaboration with economists Ilan Goldfajn and Rodrigo Valdes provides the theoretical basis for his analysis of Brazil and Latin America.

The article defends four theses: 1) the exchange rate is a key price, and when it is overvalued, it affects growth negatively, creates financial instability, and ends in collapse; 2) the exchange rate is a variable in economic policy (this contradicts a legion of economists); 3) since it is difficult to determine what the "correct" exchange rate is, capital markets end up adjusting to inappropriate rates, thus making the collapse worse; and 4) since it is difficult to eliminate inflation for good without a recession, "a regime of moderate but relatively stable inflation is an acceptable temporary solution, although an imperfect one."

To prove its theses, the article examines four cases where the use of an overvalued exchange rate led to disaster: Chile from 1978 to 1982, Mexico from 1978 to 1982, Finland from 1988 to 1992, and, once again, Mexico from 1990 to 1994.

The sequence is well known: the exchange rate is successfully used as an anchor holding back prices (by making imports cheaper). It ends up overvalued (with a negative effect on exports) and generates a deficit in the external accounts, interest rates rise to attract dollars, the economy enters a recession, and the financial sector enters a crisis (made worse by high interest rates).

The collapse is not immediate. The country may be implementing reforms, there are doubts about overvaluation, external factors seem to ensuring survival, and international investors are continuing to invest (and earn) a lot of money. As shown by all four of the abovementioned cases, however, the outcome is also identical: an attack of speculation destroys the currency, and there is crisis, recession, and a resurgence of inflation. In the case of both Chile and Finland (and, to some extent, Mexico in 1994), the crisis occurred despite good fiscal performance. And this, incidentally, is an interesting point. It is true that Dornbusch recommended a decent fiscal adjustment for Brazil—without one it would be useless to alter the exchange rate. The difference between his approach and that of the government is that Dornbusch feels that implementing a fiscal adjustment without altering the exchange rate is not enough. The article also mentions three other examples of crises which were generated by the exchange rate but had a happy ending: Great Britain, Italy, and Spain. When they joined the European Monetary System (EMS), they "squeezed" the value of their currencies to fit the Deutsche mark. Reunification forced Germany to raise interest rates, the other countries had to go along, and the result for them was recession. Despite the EMS, the markets attacked those currencies in 1992 and forced their devaluation. The result was relief: all three countries began growing again with no major inflationary impact. In tomorrow's column we will make a critical evaluation of the exchange rate and the question of growth versus inflation.

Brazil: Dornbusch's Views on Exchange Rate Discussed

96SM0388B Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Jun 96

[Article by Celso Lopes: "Dornbusch Again (2)" — received via Internet]

[FBIS Translated Text] When economist Rudiger Dornbusch recommended an exchange rate devaluation in Brazil today and in Mexico prior to the 1994 crisis, he stirred up a hornet's nest. Many economists do not even consider it possible to alter the real exchange rate, let alone determine its correct value. Shortly before Mexico's crisis in 1994, that country's government claimed that there was no exchange gap (productivity had compensated for it), and the markets believed it. Partly because it is in fact difficult to set a correct value on the exchange rate (in the case of both shares and real property), according to Dornbusch's argument in the article "Currency Crises and Collapses" (cited in yesterday's column). But also because economists hold differing views on the role of the exchange rate, a situation that ends up affecting specific policies and the market's view. He says there are three basic views of the real

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exchange rate (that is, discounting internal and external inflation).

The first is the monetarist view. The important thing, according to that view, is to have a tight monetary policy, free markets, and low taxes—and to withstand the jolt when the crisis arrives with even higher interest rates. And never devalue the currency. Dornbusch says that view is naive although influential in the international market. Saying that high interest rates are enough to stop attacks by speculators is to forget that in 1992, Sweden raised its interest rates all the way to 80 percent and still could not prevent a collapse. Moreover, one of the problems with the high exchange rate model is that it requires high interest rates, resulting in slow growth and the loss of political support. Responding to the crisis with even higher interest rates would only make the situation worse.

The second view is that of the classic model of equilibrium. From that perspective, high exchange rates are a natural reward for the reforms and stabilization which countries implement. Since the country is doing its homework, dollars rain down, and that causes the value of the domestic currency to rise, since that value is a price like any other.

Nothing more. Provided that the reforms move in the right direction, gains in productivity will eventually compensate for the higher exchange rate. In addition, if the model generates deficits in the external accounts, that is fine. It is a way of absorbing external savings, something which is desirable and justifiable if the economy is moving in the right direction.

The problem, according to the article, is that that scenario would have to occur in the context of a growing economy—with a boom in investments and consumption. In Mexico, on the contrary, the economy was slipping (with growth averaging 3 percent between 1990 and 1994). Since by definition, according to that view, an overvalued exchange rate does not exist, it is necessary to look for other excuses when the crisis arrives. In Mexico's case, according to the IMF's subsequent diagnosis, external shocks and mistakes in economic policy were the cause.

The third view is that of imbalance, and it is shared by Dornbusch. It assumes that the exchange rate is a variable that can and must be used. Necessary reforms, especially the opening up of foreign trade, must be accompanied by an exchange devaluation to prevent a very sharp drop in employment and growth. The Mexican (and Brazilian) model went in the opposite direction—that of a higher exchange rate.

It is not enough, however, simply to devalue the currency without implementing a fiscal and monetary adjustment or in the midst of an economic boom. In both those cases, the exchange adjustment may simply turn into more inflation to the extent that it is reflected in domestic prices and wages.

Which carries the lower cost? The article argues that in the short term, a high exchange rate appears to be a shortcut for ending inflation at no cost. When growth slows and the external crisis arrives, however, the cost is high, both when there is a collapse in foreign exchange and when an attempt is made to contain inflation with even higher interest rates. Hence the article's controversial proposal that it is better to accept some degree of moderate residual inflation, thus preserving growth with a realistic exchange rate. That is what Chile did following the disaster of 1982, and between 1986 and 1994 the country grew at an average of 7 percent per year with an average annual inflation rate of 18.7 percent. Today its annual inflation rate is 8 percent and falling.

Chile, says Dornbusch, learned from its crisis in 1982 and tried an alternate route. Mexico did not learn and repeated its crisis in 1994. Would that work with Brazil? That is a question for our next column.

Brazil: Leading Economists Challenge Dornbusch Theses

96SM0388C Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 Jun 96

[Article by Celso Lopes: "Dornbusch Again (3)" — received via Internet]

[FBIS Translated Text] The government does not deny the risks which its stabilization model may involve in the external area, as warned by economist Rudiger Dornbusch. It claims, however, that it is immune to them. Could this be true?

Brasilia uses at least four arguments: the amount of the exchange overvaluation is small, it can be offset by productivity gains, the trade balance is at a reasonable level, and an external deficit can be financed by stable funds. The extent of the overvaluation is a controversial question. In the article by Dornbusch that was cited in our previous columns ("Currency Crises and Collapses"), he mentions that there was a gap of 15 percent in the exchange rate in July of last year. He based that figure on the change in industrial prices (IPA [Wholesale Price Index]). By that standard, the gap today would still be around 15 percent, since the exchange rate has been devalued at the same rate as the IPA since July 1995. Out of several interviews and lectures, only one

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report—in THE WALL STREET JOURNAL—says that Dornbusch calculated a gap of from 30 to 40 percent. But even at 15 percent, the problem, according to Dornbusch, is that Brazil is still in the midst of structural reforms having a negative impact on employment. Since, in his view, the equilibrium of the Brazilian adjustment model requires high interest rates, growth is tending to be doubly affected. He has never predicted immediate problems, but his analysis of the type of adjustment model adopted by Brazil (see our previous columns) indicates that the direction being followed is dangerous. Could productivity gains solve the problem?

In commenting on Dornbusch's article, Michael Bruno, chief economist at the World Bank (IBRD [International Bank for Reconstruction and Development]), recalled that alongside the instances of collapse in countries using the exchange anchor to defeat inflation—countries mentioned by Dornbusch—there are also cases of success such as Israel (1985), Poland (1990), and what was then Czechoslovakia (1991). The explanation, Bruno says, has to do with the productivity gains generated by the reforms but also with two other crucial factors: the solely temporary use of the exchange anchor during the initial phase of stabilization and the care that was taken not to let the external deficit on current account grow too large.

In Brazil's case, the test results will not be clear until the economy resumes more accelerated growth. No one, even in the government, knows the precise level of equilibrium at which imports will fall into line. If the price of a sustainable balance is very slow growth or a very high external deficit, then Dornbusch's warnings are more than valid. The argument that the external deficit can be financed with foreign funds that are of good quality and protected by high reserves is more vulnerable. First of all because if domestic capital can freely leave the country, as is the case in Brazil, the level of reserves does not constitute absolute protection: if there is a crisis in confidence, not only external savings but also domestic savings will migrate.

Moreover, the confidence of the markets is illusory. There is a "herd instinct" (Keynes' phrase) in the financial market which leads a banker to think that it is better to be wrong with everyone else than to be right all alone. That was what made bankers pour rivers of money into Latin America until the eve of the debt crisis in 1982 and the Mexican crisis in 1994. The change of mind tends, however, to be very sudden and devastating. In part, the naive faith of the markets is reinforced by the "herd instinct" that also exists in the media. It is safer to follow the "wisdom" of the moment: if it turns out to be wrong, you change the "wisdom."

It should be remembered that until the mid-1980's, economists who talked about heterodox components in stabilization were ridiculed. Michael Bruno, the father of Israel's hetero-orthodox adjustment (with price and wage freezes) is now the major economic voice at the IBRD.

In commenting on Dornbusch's article, Sebastian Edwards, the IBRD's chief economist for Latin America, argued that the abundant supply of international credit might postpone a confrontation with the problems and cause them to grow, as happened in Mexico. He agrees that a devaluation can be effective and that overvaluation of the exchange rate must be avoided. Either by allowing the exchange rate to float or by indexing it to inflation. He is the next candidate to be called an "imbecile" in Brazil.

Brazil: Government Launches Dengue Eradication Campaign

96GE0054A Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Jun 96

[Article by Paulo Peixoto — received via Internet]

[FBIS Translated Text] Belo Horizonte—The Ministry of Health is preparing the strategy for a campaign to achieve the total eradication of dengue by March of 1998.

The proposal provides for elimination of the disease one year after the Master Plan for Eradication of the Aedes Aegypti (the mosquito that transmits dengue) goes into effect in March of next year.

According to Jaime Calado, national coordinator of the Anti-Dengue Campaign, a total of 4.5 billion reais (R) will be invested during the three years [as published] provided for implementation of the plan.

The campaign is in the preparatory phase, which includes the training of aproximately 60,000 persons who will take part in it.

These trainees comprise technicians of the state and municipal epidemiological protection services and the FNS [National Health Foundation] as well as Army personnel. The Ministry of Planning has already received the Ministry of Health's master plan and will need to include an appropriation of R1.5 billion for the campaign in the 1997 national budget.

"We want to eliminate the mosquito and launch a campaign to ensure that it never returns again," Calado declared.

Mara [spelling as published] Lucia Oliveira, an FNS sanitary engineer, said that priority consideration will

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initially be given to the 662 Brazilian municipalities that reported the disease in 1995.

Oliveira said that in addition to the educational program and the systematic application of insecticides, the plan will concentrate on the problem of basic sanitation by improving garbage collection and water distribution.

"What happens," she said, "is that in some cities the distribution of water is irregular. People accordingly store water, and this facilitates the proliferation of mosquitoes."

The FNS estimates that there will be at least as many dengue cases this year as last year, when approximately 120,000 cases were reported. The actual number of cases could be even greater, however, because many cases go unreported.

The Northeast

The FNS has already recorded 58,158 cases of dengue from January to May of this year, of which more than 50 percent were reported in the state of Bahia (28,600) [as published]. A combined total of 41,600 cases have been reported this year from the states in the Northeast.

Oliveira says that in addition to Bahia, the states that will deserve special attention are Maranhao, Mato Grosso, Pernambuco, Rio de Janeiro, and Minas Gerais.

The government further proposes to use the antidengue campaign to combat urban yellow fever, which is also transmitted by the Aedes aegypti. According to FNS experts, if a mosquito that transmits dengue stings someone who has yellow fever, it will transmit that disease too.

Colombia

Colombia: Trade Minister Discusses IPR, U.S. Dispute

PA2506164996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 25 Jun 96

[Telephone interview with Foreign Trade Minister Morris Harf by news director Dario Arizmendi and unidentified female reporter in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Good morning, Minister. What is the status of the commercial relations between Colombia and the United States after the bilateral meeting held in the United States on 22 May?

[Harf] Good morning Dario. Indeed, the meeting of the bilateral commission was held in Washington at the end of May at the request and invitation of the U.S. Government to review various trade and economic issues. The last meeting held by this commission was in 1993.

[Arizmendi] We understand that two main topics are being examined: 1. A draft agreement to protect U.S. investments in Colombia; and 2. An agreement that protects U.S. industrial property in our country, as well as the Andean Group. Can you tell us about this and what particular issues are being discussed?

[Harf] The bilateral treaty to protect investments is among the treaties being signed with different countries throughout the world. The first agreement of this sort was signed with Great Britain in 1993. The Colombian Constitutional Court is currently reviewing this agreement to verify the constitutionality of any expropriation of investments. There is a constitutional article that stipulates the expropriation of administrative property and this article might affect these investment protection agreements with other countries, including France, Switzerland, and Spain. We are conducting this type of negotiations with these countries, as well as the United States. This was one of the issues broached in Washington during the meeting of the bilateral commission. As you can understand, since the article on the expropriation of administrative property is being reviewed, we should not make any decision on this regard until the Constitutional Court issues a ruling.

[Arizmendi] According to Caracol sources in the Constitutional Court itself, it seems that in two or three weeks, the Court will issue a ruling and thus far, everything indicates that the Court will declare unconstitutional the agreement signed with Great Britain. Should this happen, what will the Colombian Government do to guarantee the spirit of the agreement with Great Britain; to be able to sign new investment protection agreements with other nations, such as Switzerland, Spain, France, and Germany; and to continue negotiations with the United States?

[Harf] Should this happen, the government will have to draft a legislative bill to reform the constitutional article in question and limit the scope of the expropriation via administrative means.

[Arizmendi] There is another aspect I want to ask you about: Is the industrial agreement with the United States valid? Have they demanded modifications?

[Harf] The intellectual property agreement is currently protected by a ruling of the Andean Group commission. In other words, this ruling, decision No. 344, covers the five member countries of the Andean Group. We have made substantial progress in this regard and the United States has expressed its satisfaction over the protection of industrial property in Colombia and especially, the

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protection of intellectual property rights and the coverage given to patents and royalties. However, there are still pending issues regarding investigations begun on pharmaceutical laboratory matters. We are already making some progress in this regard and the truth is that following our analysis of this topic in Washington, we are quite close to what industrialized countries describe as industrial property.

[Arizmendi] What, if any, solutions are there for the air dispute with the United States?

[Harf] The air conflict with the United States stems from the implementation of a bilateral agreement, which has been in effect since 1956. According to this bilateral agreement, we have reciprocity regarding routes toward cities of origin and destinations between the two countries and the frequency of these routes. In the case of the Bogota-New York-Bogota route, we have a reciprocity agreement on the route currently awarded to Avianca [Colombian National Airways] and this route was awarded to the U.S. carrier Continental Airlines. American Airlines has voiced its disagreement with this decision, although this airline decided, unilaterally, to stop servicing the said route. Only after Continental Airlines bid for this route early this year did American Airlines decide to bid for this route, arguing that it belonged to it. Local civil aeronautics officials told American Airlines that in light of the situation, the two airlines could participate in a public bid; however, they would have to make a new bid. American Airlines rejected this suggestion.

[Unidentified female reporter] Some sectors have said that the government is protecting the interests of Avianca, which is the hardest-hit by this problem. Is the government looking after Avianca's interests or the country's interests?

[Harf] The government is obviously protecting the country's interests; Avianca is one of Colombia's leading airline companies. In addition, Avianca represents the Colombian flag all over the world, this is why Colombia's interests and Avianca's are so closely related.

Colombia: Jaime Cabrera Appointed New DAS Director

PA2606034496 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 26 Jun 96

[From the "24 Hours" newscast; monitored live from a relay by Lima Sistema Unido de Retransmision]

[FBIS Translated Text] [Announcer Jorge Enrique Botero] According to government sources, Marcos Tulio Gutierrez, DAS [Administrative Department of Security] director, has left his post in order to build a bridge for relations with the United States. The curious thing is that Gutierrez has told the magazine CAMBIO 16 that U.S. Ambassador Myles Frechette had to leave for his farm, but he was the one who has left.

Gutierrez has failed to lift an obstacle from the complex relations between Colombia and the United States. His departure from the DAS directorate signifies nothing more than the construction of a bridge to Washington.

A serious controversy over the Gutierrez case has erupted at Narino Palace. A sector headed by President Ernesto Samper and Interior Minister Horacio Serpa has refused to give Gutierrez' head as a trophy to Robert Gelbard. Another sector headed by Foreign Minister Rodrigo Pardo and the military command believes the DAS director has had a variety of mistakes ranging from the handling of the information on the Wily Blonde case, to the [words indistinct], to the U.S. assistant secretary of state and Ambassador Frechette himself. In the end, Gutierrez was the one who had to leave.

[Announcer Fanny Stella Pallares] Meanwhile, many people are wondering why the military has wanted Gutierrez to leave. The answer is also found in CAMBIO 16. Gutierrez has said the military is blackmailing Colombian society. This foretold resignation took place in five acts:

[Botero] On 18 June, the United States accused the DAS of espionage and interfering in the operations of its embassy in Santa Fe de Bogota. That same day in the afternoon, Gutierrez announced his resignation from the organization:

[Begin Gutierrez recording] I have completed a cycle and believe one has the right to do his own thing when one completes a cycle. [end recording]

[Botero] The former DAS director surprisingly withdrew his resignation the following day, however, and parodied the president: I am here and am staying here. He also made serious remarks to the right and left:

[Begin Gutierrez recording] That must be his last solution. Publicly saying that we at the DAS have bugged his telephone lines and that we have persecuted him in Medellin, in addition to being a big lie, constitutes a cunning remark. [end recording]

[Botero] This last remark made Foreign Minister Pardo strongly admonish him for his attitude toward the United States. Finally, on 25 June, a week after his previous resignation, Gutierrez again announced his resignation.

Meanwhile, Jaime Cabrera is the new DAS director. He is an attorney and Externado University professor who was recommended by Justice Minister Carlos Medellin

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and who has more than 15 years of experience. Let's see if we can talk to the new DAS director live:

[Unidentified reporter] Here we are with Deputy Justice Minister Cabrera, the new DAS director. Why did you accept the president's offer?

[Cabrera] Because I made a commitment with him. I want to help the government. I have been working for the government for six months, and every day I believe more in the president and in his sincerity to attain wellbeing for all Colombians. I accepted when he asked me to accept this post.

[Reporter] When U.S. Ambassador Frechette made certain statements, it prompted Gutierrez to make very strong statements too. Do you think this was the reason why the DAS head was replaced?

[Cabrera] No, I believe Gutierrez has fulfilled his mission. It is my turn to fulfill mine now, and I will fulfill it.

[Reporter] What are your aspirations as the new DAS director?

[Cabrera] Basically, the DAS is a government organization that operates within the government framework; therefore, the president of the Republic guides the government [word indistinct] through his government plan. As for the specific issue of the DAS, there are certain processes to restructure and reorganize the DAS academic matters, and I want to continue doing this. I will have the chance to do so and will try to be as creative as possible.

Colombia: Grounding in Miami Seen as U.S. 'Reprisal'

PA2606021796 Madrid EFE in Spanish 1448 GMT 25 Jun 96

[FBIS Translated Text] Barranquilla (Colombia), 25 Jun (EFE) — The Colombian airline Lineas Aereas del Caribe (LAC) today regarded the grounding of one of its cargo planes in Miami as the U.S. Government's first commercial reprisal against Colombia. LAC's Executive Vice President Carlos Alberto Donado said: "The Chamber of Representatives' exoneration of President Ernesto Samper for the 'narcoscandal' has elicited a reaction."

One of the two cargo planes operated by the company was grounded in Miami on Monday by the Federal Aviation Administration (FAA), based on the argument that the aircraft fails to comply with technical requirements to fly to the United States.

Donado told the press in Barranquilla that the FAA had already warned the Colombian Civil Aeronautics Department (Aerocivil) that the it "was going to take measures." Alluding to the civil aviation litigation between Colombia and the United States, Donado said: "LAC is the first victim of this unilateral war."

Delegations of the two countries last week failed in the second attempt to settle their disagreement over a second U.S. airline operating a new New York-Santa Fe de Bogota-New York route and two cargo routes on the Santa Fe de Bogota-Miami leg.

The suspension of the negotiations led the U.S. Transportation Department to announce penalties against Colombia for impeding "fair competition practices." This announcement left the Colombian airline National Airways (Avianca) in danger of losing its daily route to New York.

LAC has 20 percent of the Colombian cargo market for airline exports to the United States.

The board of directors of the Colombian airline, which is in a delinquent situation with its creditors (a situation similar to the suspension of payments), have warned that the grounding of the plane could lead to the airline's demise.

Colombia: Warrant Issued for Acting Attorney General

PA2206044996 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 22 Jun 96

[From the "24 Hours Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 22 June]

[FBIS Translated Text] This evening the Office of the Prosecutor General issued a house arrest warrant against Acting Attorney General Luis Eduardo Montoya. The Office of the Prosecutor General decided to keep Montoya at home rather than in a prison because the crimes with which he has been charged of do not merit a sentence longer than five years. Montoya will have to raise a bail of more than 2.5 million pesos. He has been charged with allegedly falsifying public documents, perjury, and procedural fraud.

Colombia: Pro-Samper Lawmakers Try To Unseat DLN Members

PA2306234596 Santa Fe de Bogota EL TIEMPO in Spanish 20 Jun 96

[Received via Internet]

[FBIS Translated Text] The Liberal Party [PL] began to take giant steps, which may lead to a division. The congressional majority that absolved President Ernesto

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Samper last week flexed its muscle and agreed to call a national convention. Its objective: To unseat the current members of the National Liberal Directorate [DLN].

Deep down, what is at stake are the two big factions that exist within that party. One is the overwhelming the machinery of Samper, which does not hide its intention of choosing Horacio Serpa as its single leader, and, while it is at it, leading him to a presidential candidacy. On the other side, there are the minority sectors that rebelled against Samper and have voiced their support for Vice President Humberto de la Calle and former presidential designate Juan Manuel Santos.

The relations between the two have become so bitter that Serpa himself had to issue a communique stating he does not aspire to any leadership position. "As a Liberal militant I cannot but heed, respect, and support my party's current DLN, although on different occasions, I have not agreed with the statements and stances of some of its members. [no end quotation mark as published]

The special convention, which will have to arbitrate the divisions, will be held on 31 August.

Temporary "Directorate"

The 109 congressmen who were in favor of calling the convention also decided that, in practice, the DLN should henceforth be temporary, since they removed from it the possibility of autonomously organizing the PL's highest assembly. This task will in effect remain in the hands of a congressional commission comprising 10 members, six representatives and four senators.

The national convention chose the DLN in the middle of last year. It initially had nine members. One of them, Carlos Holmes Trujillo, withdrew when he was appointed ambassador to the OAS. The other eight have been evenly split; four in favor of Samper and four against.

The decisions on a new convention were made by a board of congressmen," which seemed especially in disarray. The deliberations were held yesterday at the Capitolio's Elliptic Hall. For an hour and 45 minutes, small groups of congressmen, who were separately discussing proposals and statements, refused to allow the other speakers, including DLN Chairman Emilio Lobolo, to be heard with attention.

At the end, Chamber of Representatives Secretary Diego Vivas had to remind those present that the proposal by Senator Alfonso Angarita Baracaldo, who suggested supporting the patriotic dialogue proposed by President Ernesto Samper Pizano and going along with the executive in its goal of regaining governability, was still pending discussion.

The Board Then Considered It Approved. Payment of Dues.

Representative Ines Gomez de Vargas and Senator Luis Guillermo Giraldo, two of party codirectors and well-known Samper opponents, felt the board was making them pay for their independent stance. Judging from the words of Representative Martha Catalina Daniels, a Samper stalwart in the Chamber, the two may be right.

With the manifest approval of her board colleagues, the congresswoman asked Gomez de Vargas and Giraldo to retract their attacks on the government and explain why a faction of the Liberal hierarchy had threatened to call for civil resistance following the president's exoneration.

Lebolo, the highest DLN representative, did not have much audience when Senate President Julio Cesar Guerra allowed him to speak. He made a plea for harmony and said he coud not conceive of a disunited party or one that "excommunicates" its members. Hissing and catcalls, however, drowned out his words.

"You DLN members forsook us during difficult times, and now you want to reap the fruit that you did not sow," Santander Representative Jorge Gomez Celis shouted from the back of the hall. Representatives Maria Isabel Mejia Marulanda and Julio Bahamon seconded his rebukes.

Meanwhile, Senator Bernardo Guerra celebrated as a victory the approval of the document backed by 109 signatures, but voiced his misgivings regarding the efficacy of the congressional commission that will in practice replace the DLN from now until 31 August.

Representative Mejia said, among other things, that thanks to the Liberal bloc's decision in the Chamber, it was possible to conclude successfully a process in which democracy, the stability of institutions, the prestige of the party, and the head of President Samper were at stake.

Senator Juan Guillermo Angel also spoke to request that the PL's sectors be regrouped and the party be strengthened with an objective of reconciliation. Angel was one of the few voices opposed to calling the convention, deeming it an undemocratic formula to undermine the party's current leaders.

In contrast, Senator Camilo Sanchez felt the DLN cannot be the launching pad to a division and that is why the party's hierarchy does not genuinely represent its interests.

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Colombia: Commissioner on Military Role in Peace Process

PA2106201596 Santa Fe de Bogota SEMANA in Spanish 18-25 Jun 96

[Interview with Daniel Garcia-Pena, High Commissioner for Peace, by SEMANA staff in Santa Fe de Bogota; date not given: "The Military Should Be Involved in the Peace Process" — received via Internet]

[FBIS Translated Text] [SEMANA] The fact that President Samper, in his speech for national unity, did not mention the peace issue was noteworthy to us. Is it no longer a government priority?

[Garcia-Pena] The kind of emphasis given to drug trafficking was most probably due to the fact that the president considered it to be the most appropriate subject at the moment. That does not mean, however, that the principles that have governed our peace policy are no longer prevalent.

[SEMANA] Although, the FARC [Revolutionary Armed Forces of Colombia] has maintained that peace will not be achieved with a weak government, they have left the door open to this possibility should current conditions change. Has Samper's acquittal created the conditions for this?

[Garcia-Pena] The possibilities for that to happen are in the hands of the government of course, but it also depends on the initiatives of the guerrillas, on their true commitment to achieve peace. I think the guerrillas are wasting the opportunity this political crisis gives them for reintegration into society as a political group. However, I think that civilian society itself has the highest responsibility to create the conditions for peace, by pressuring the parties to achieve this political reality. Peace should not be tied to the President's fate or to decisions made by a guerrilla Commander. We must build a negotiation process that is independent of the comings and goings of any administration.

[SEMANA] The FARC emphasize that in order to reach peace they must sit down and talk to the military. What is the role of the military in the peace process?

[Garcia-Pena] When President Samper refers to that subject he describes it very well: "It is better to go slow with the military than to go fast without them." I completely agree with him. In this government there have been two examples that show the role of the military, a good one and the other one not so good. The first example of this was evident in Miranda, Cauca, at the time of the negotiation with the "Bateman Cayon Group" that had the cooperation of the Armed Forces. The not so good one took place in Uribe, where the first opportunity of meeting with the FARC was frustrated, due to shortcomings by the two parties. The guerrillas adopted an uncompromising position while the government was unable to achieve a consensus in order to send a clear message. However, I agree with Alfonso Cano on the need to involve the military in the process. We completely agree and experience has shown that to be the case. Perhaps we should look more closely and more carefully into the way to achieve that effective participation by the Armed Forces in the negotiation process.

[SEMANA] You mean it is possible to bring the military to the negotiating table...

[Garcia-Pena, interrupting] As a matter of fact the military is already at the negotiating table simply because they are part of the executive branch. I think the parties involved have the autonomy to decide who will actually sit down at the table and, who they will represent. In that sense I agree with Alfonso Cano in that the negotiation must include the presence of all the players involved with the war, and thus, the military cooperates with our office.

[SEMANA] Do you agree that any solution to the crisis must include the guerrillas?

[Garcia-Pena] To think that we will solve the crisis without the guerrillas is to be unaware of the real nature of the Colombian situation. I think that peace, by its own nature, must somehow be achieved through extra-institutional means. This is precisely why a majority of peace agreements achieved in other countries always led to institutional reforms.

Colombia: Esguerra Says Amnesty's Charges 'Slanderous'

PA2106183896 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 21 Jun 96

[From the "24 Hours Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0000 GMT on 21 June]

[FBIS Translated Text] Defense Minister Juan Carlos Esguerra has termed as slanderous an Amnesty International report accusing the Colombian Armed Forces of violating human rights.

Amnesty International devotes itself to judging only the Armed Forces' activities and never those of the guerrillas, said Esguerra, in reference to a report on human rights violations in Colombia that was presented by Amnesty International.

[Begin Esguerra recording] For instance, regarding kidnappings by guerrillas, Amnesty International simply said that there are some opposition armed forces that

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are holding some people hostage. Conversely, the organization fabricated a report saying that the Armed Forces have carried out extrajudicial executions. This is absolutely untrue. [end recording]

The minister stated that military courts have implemented stringent measures, on instructions by the government, to prevent the men in uniform from violating disciplinary norms, and that the military has been ordered to respect personal rights.

Colombia: Strategy Alleged to Monitor 'Government Enemies'

PA2106150996 Santa Fe de Bogota EL TIEMPO in Spanish 19 Jun 96

[Received via Internet]

[FBIS Translated Text] An anonymous document that reportedly establishes the guidelines of a strategy to monitor more than 100 potential government enemies began circulating yesterday.

The document, addressed to DAS [Administrative Department of Security] Director Marco Tulio Gutierrez, is attributed to external advisers from Kroll, a U.S. organization comprised by former CIA and FBI agents.

The document, which Gutierrez has said is apocryphal and represents "the ill-intentioned rehash of documents found in the possession of Ana Lisa Mir, a public relations expert who specializes in hot issues," includes instructions to monitor politicians, reporters, church representatives, military members, business association leaders, and officials from the Prosecutor General's Office.

Unofficial versions state that once the new DAS director assumed his post in January this year, he formalized a contract with the U.S. firm Kroll for external intelligence and security advisory services to the government.

The contract was reportedly signed for 1.2 billion pesos, with resources from the Confidential Government Expenditures Fund (the sum, according to the document, would prove insufficient), and its initial goal was to identify government enemies operating abroad.

Gutierrez has told EL TIEMPO that upon arrival at the DAS he found that the contract with Kroll was following regular channels, but that he confirmed he had never completed the formalities.

"I have had no contact with the firm's public relations people. I limit myself to local intelligence services, in which I have full confidence," Gutierrez has told EL TIEMPO.

Referring to the document, Gutierrez has said: "The document EL TIEMPO has brought me is nothing more than an ill-intentioned rehash of the documents found in the possession of Ana Lisa Mir, a public relations expert who specializes in hot issues.

"Colloquially speaking, I can say the authors of this anonymous document must think we are dumb. This is simply part of the dirty war that the country perceives with astonishment and that was started from a detention center."

The anonymous document, entitled "Strategy and Tactics Plan" (STP), includes the steps of a large-scale operation planned, apparently, by the Colombian Government to monitor and, eventually, neutralize those it considers its potential enemies. The document began circulating among the various media in the capital yesterday.

The seven-page document, with specific orders "do not circulate and do not file," is dated 22 May 1996 and is addressed to DAS Director Marco Tulio Gutierrez from those who identify themselves as "external advisers."

The people who have sent it recommend that the official "monitor" potential enemies of President Ernesto Samper's government, and they state the goal of the STP is to "create and use an information file on internal and external destabilization agents."

The document features a list of people who are considered enemies of the government, including politicians, both senators and representatives, 27 journalists and media directors, 15 business association leaders, Catholic Church bishops, Army and Police officers, and representatives of organizations such as the Prosecutor General's Office.

The document states: The "external advisers" tell the government that to neutralize possible enemies, "it is necessary to monitor them and act against them before they carry out their destabilizing activities."

The document recommends "monitoring the government's current allies, because they could change sides any minute due to internal and external pressure." The list also includes the justice and defense ministers and Foreign Minister Rodrigo Pardo.

The list also includes Colonel German Osorio. They claim: "He is making too many demands. In any case, every effort must be exerted so the Prosecutor General's Office does not call him to testify. He is a potential traitor."

The document, which EL TIEMPO has in its entirety but which it will abstain from publishing until new investigations are conducted, has a separate section called

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"Monitoring Enemies." It states that no surprises are expected from the Chamber of Representatives's debate on Samper, adding that "enemies can be monitored without any problem."

The document then presented a detailed list of congressmen who, according to the "advisers," play an advisory and leadership role over the other representatives.

The list includes Maria Paulina Espinoza, Mario Rincon, Rodrigo Arcila, and Ingrid Betancur. Referring to the latter, they say: "She has emerged as a leading player among those who sponsor the accusations. Aside from monitoring her personal life and more private activities, we believe it is positive to revive her relations with the contractor who, in his role as affected party, urged her to denounce the 1994 Galil contracts."

The list also includes Santiago Castro, Carlos Ardila, Luis Guillermo Giraldo, Dario Martinez, Fabio Valencia, and Pablo Victoria, about whom the document states "the financing of his campaign is being studied, with good prospects."

The list of journalists and media directors is led by Enrique, Francisco, and Rafael Santos Calderon. Referring to Rafael Santos, they say "great care must be taken with him, because he could be a hidden enemy, as the DAS director general knows."

The list also includes reporters Juan Lozano, Maria Isabel Rueda, Diana Sofia Giraldo, Felipe Lopez, Mauricio Vargas, Juan Gossain, Maria Jimena Duzan, and Julio Sanchez Cristo, among others.

Other people whom the "advisers" believe it is necessary to monitor are National Police Director General Rosso Jose Serrano and General Enrique Montenegro, of whom they say is "particularly dangerous, because he protects his superior's back and engages in counterintelligence work."

Finally, they mention military officers such as General Harold Bedoya, whose intentions they consider a mystery, Admiral Holdan Delgado, and General Camilo Zuniga (r).

Colombia: Editorial Views State of Political Parties

96SM0398A Santa Fe de Bogota EL ESPECTADOR in Spanish 21 Jun 96

[EL ESPECTADOR editorial: "The Debacle of the Parties" — received via Internet]

[FBIS Translated Text] The board of Liberal members of Congress has met and set a date for a special convention. This other contest will be held on 31 August, a contest that promises nothing of great importance or of a revitalizing nature for a party in crisis. It is a crisis of alarming proportions and diverse characteristics. Worst of all is the fact that its depth and magnitude provide little motivation for conceiving appropriate solutions for the problems confronting the party and the nation. It is unfortunate to find in the Liberal camp an exemplary case of anarchy and ideological abandonment.

A committee of six representatives and four senators has been named to draw up the agenda and draft a report on the gloomy national outlook. Its work, which must be completed in two and a half months, will determine what decision the convention will make concerning, among other things, the appointment of Carlos Holmes Trujillo Garcia's successor. It is to be hoped that the titanic effort of the ten committee members will not be scuttled by another form of political indolence limited to the election of an individual to share with Giovanni Decola the honors of a programmatic revival that will supply the Liberals with the fuel to face the challenges of the new millenium.

When there is a will for change, the objectives of the person harboring it can be achieved. However, is our party in a position to become different from the condition in which we now see it after so much wear and tear and after traveling toward its current abyss with eyes wide open? Will a one-day session suffice to rectify so many errors, repair so many blunders?

Unfortunately, the crisis in the country is an obvious, painful and traumatic consequence of the debacle of the parties. Both found themselves without leaders to rally their members around a clear political philosophy, well-defined lines of action, a distinct style and ethical methods that would guarantee their mission as the people's channels, effective intermediaries between the rank and file and the government.

The spectacle presented by the Conservatives is equally deplorable. It is a foundling party, one abandoned by those who sense an opportunity to survive bureaucratically or carry off whatever important ministry it is their turn to have. Previously it was Mines and Energy, which they made the most of. Now it is Transportation, with its contracts for concessions and tolls. Like the Liberals, the Conservatives have a national leadership with no authority over their members. They lack a voice that will lead and guide, the decisive positions it needs for a historic task. Nor do they know how to wage opposition. Their leaders have no idea about a weak flank that can be so easily exploited when there is talent, imagination and skill in forging a path to power.

Judging by the manner in which Senators Jaime Arias and Roberto Gerlein have expressed themselves, the split created among the Conservatives appears to be irreparable, at least until a national convention is called

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to define the problems affecting the leadership. To have one faction headed by a national leadership whose term has expired and another dissident faction almost equal in size with the official group fighting over the position that will confront the government does not augur well for the future of the party of Caro and Ospina.

Will former President Betancur have to return to the political arena to pick up its remains or even save it from disintegration?

A country without parties is a temptation for the enemies of democracy and their institutions.

Colombia: Columnist Criticizes 'Ill-Fated' U.S. Law

PA2206135596 Santa Fe de Bogota EL ESPECTADOR in Spanish 18 Jun 96 p 2A

[Article by Antonio Panesso Robledo]

[FBIS Translated Text] When you are determined to chop a tree down, it could end up falling on you. It happens every day in politics and it is happening to President Clinton, who because of a mere political weakness (because he does not want to go against the radical conservatives in Congress), has signed the Helms-Burton law, a legal outrage that has the same origin as the plan to knock down governments accused of being too soft on coca growers

Even after the collapse of communism and its disappearance as a decisive force in the world, the extreme conservative sectors in the United States (a minority, but a very powerful one because of its combination of money and ignorance) continue to maintain their cold war complex. Castro is America's enemy and so are Saddam and Qadhafi.

The weapon now being used is the gringos' economic power to undermine the economic base of what they consider their "enemies." The Helms-Burton law penalizes the companies of any country that conduct business with the outlaws. It is a law that violates international law and even hurts the interests of industrialized countries, especially the United States.

The pressure exerted by the November elections, however, is putting pressure groups in the United States into action. Hillary Clinton is tied up in a legal process in Arkansas and her husband is paying the price for it. There are no innocent people in these types of fights. Out of fear of losing more points, the president showed his weakness by signing a law, which he himself had opposed. The tree could end up falling on him.

Governments elected by the people are defended much more by honesty and composure than by the games of chance that are often played by politicians. Clinton, who continues to descend in the polls, is still above Dole, an individual who is too gray to be able to garner the people's vote. Clinton has been more clever than intelligent, a good combination to get the tree to fall over you.

The Helms of the ill-fated law (which has drawn to the United States the criticism of the entire world, the EU, the OAS, and of the most friendly governments) is the same Helms, who since the beginning had asked for President Ernesto Samper's resignation.

The Jorge Eliecer Gaitan Movement, the archbishop, and moralists were also involved in that, and it is all part of a confusion that still persists.

Our country has decided that it will not turn over its president's head to the domestic policies of the gringos, and it has done so through legislative means. The gringos, however, use their own legislative branch to reform international law and play with it to exert pressure in the November elections. The difference is in our favor.

Colombia: Government Authorizes New Foreign Investment

PA2306145296 Santa Fe de Bogota EL TIEMPO in Spanish 19 Jun 96

[Report by Jacqueline Guevara — received via Internet]

[FBIS Translated Text] The Samper administration will open its doors to foreign investments even wider.

To promote the flow of foreign capital into the country, the government will eliminate the need for permits that had been granted by the National Department of Planning (DNP) to invest in certain sectors, such as public services.

Henceforth, DNP authorization will not be necessary to invest directly in the service sector, which includes electrical power, aqueducts, sewers, postal services, mail service, public health, and in the communications field, including telecommunications, radio stations, television stations, newspapers, and magazines (excluding scientific journals).

This permit is unnecessary because potential investors must show their technical and financial capacity through public bids. They must also adhere to all of the prerequisites demanded from local companies and contractors.

As for television, the law indicates that foreign investors can have a maximum holding of 25 percent, but there will be no such restrictions on investments in other media.

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REAL ESTATE

Furthermore, the doors will open to foreign investment in real estate and in the realm private security.

These changes have been included in the modifications to the International Investment Statute that will be presented to the National Council for Economic and Social Policy (Conpes). The DNP presented the draft of this bill to the Competitiveness Council. "Our goal is to have a single statute on foreign investment containing all the rules and legal provisions on the matter that are currently dispersed," said Claudia Milena Vaca, investment director of Coinvertir [Invest in Colombia Corporation]. She pointed out that the opening of the real estate and title deeds processing business to foreign investment are among the most important aspects.

In the real estate area, foreign individuals and corporations (companies) will be allowed to invest in real estate companies, buy immovable properties, and register them as foreign investments. Until now, foreign companies were only allowed to acquire immovable properties for housing, offices, or activities related to their business operation.

These measures will stimulate the construction sector because it is among the sectors showing signs of recession. The tourism sector will become more dynamic with the opening of the real estate sector to foreign investment.

Foreign investment in construction and property titles was closed in August 1994 because evidence of profiteering and money laundering was detected. These factors resulted in an increase in prices.

Because of this, Conpes suggested stopping foreign investments related to the direct purchase of apartments, housing, plots of land, or any other type of immovable property, and prohibiting foreign investment in real estate companies and land title businesses.

Similarly, foreign investments will be allowed in the private security business (private surveillance companies), which was previously prohibited by a Defense Ministry decree. This decree gave exclusive proprietary rights to national investors and companies.

Nonetheless, foreign investment in anything related to national defense will continue to be closed.

OIL SECTOR

The oil sector will also eliminate the need for an authorization from the Ministry of Mines and Energy for oil and natural gas exploration and exploitation projects, and will eliminate the need for approval from the DNP for investments of over $100 million in the mining sector.

According to Claudia Milena Vaca, this will eliminate any obstacles because the authorization was only granted after a contract was negotiated with Ecopetrol [Colombian Petroleum Enterprise].

The official clarified that the special exchange regime for the oil sector will be maintained.

All these modifications were analyzed for over a year and a half and were mostly agreed upon by the private sector.

Colombia: Agricultural Sector Said To Remain Depressed

PA2306183196 Santa Fe de Bogota EL TIEMPO in Spanish 20 Jun 96

[Received via Internet]

[FBIS Translated Text] Not even good prices are drawing a reaction from the agricultural sector, which remains depressed by unprofitable imports and expensive credits and which is being whipped by insecurity.

According to the Association of Colombian Farmers (SAC), the value of the sector's production will grow by only 0.6 percent compared to 1995. If we count the livestock sector, production will increase by 2.9 percent (including coffee), but the government believes in recovery.

Meanwhile, the government yesterday stressed the three strategies of the economic reactivation plan that will allow us to rescue certain economic sectors from the lack of growth.

Finance Minister Jose Antonio Ocampo affirmed that interest rates will be lowered further, that measures to curb smuggling will be taken, and that housing projects for lower income segments of the population will be promoted. In addition, safeguard clauses for the textile sector that will be announced tomorrow will be implemented.

The government stated that it was too early to disclose statistics. Agriculture Minister Cecilia Lopez said that there indeed are problems but that major "surgeries" are being performed to rescue the agricultural sector. The business associations remain pessimistic.

Crops will not have a good production this year. As such, foodstuffs are likely to fail to contribute to ebbing the pressure the cost of living is exerting on Colombians' pockets.

Such strategic products as cereals are being imported massively at high prices in the world market, which

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adversely affects consumers. Imports had increased by 77.51 percent up to May compared to the same period in 1995.

According to what agricultural sector leaders have explained, if domestic production were enough, the prices of staples would be cheaper; thus the cost of living would be reduced.

Foodstuffs represent 35 percent of the consumer price index (IPC).

The agricultural sector is so weak, it has been unable to react with two years of good world prices or with the prospect of prices continuing to be good until 1998.

The fact that it is not reacting to the market's most natural sign, prices, is frightening producers affiliated with associations. This has been considered a major paradox for the country, because it defies basic economic principles. High prices should encourage investments and the recovery of the agricultural sector, and this is not the case.

The spokesmen of the business associations have said these good, international prices are not evident in Colombia in what should be a better payment for domestic harvests.

According to SAC President Juan Manuel Ospina, "price improvement is no longer enough. Recovery does not seem to be feasible, judging from the manner in which the markets are reacting."

According to (Adriano Quintana), SAC Board of Directors president, "this shows that Colombia has lost the agricultural battle."

Meanwhile, Lopez has said that "at this time, it is unhealthy to make such negative projections for a sector that has been beaten to death, a sector on which we are starting to perform major surgeries, not giving aspirins."

According to Ospina, the reasons for the fall of the agricultural sector are structural in nature and stem from the current situation.

The structural reasons are as follows: 1. the prevalence of rural insecurity and violence, which are worsening, and 2. the profitability crisis, which became structural in nature, according to the SAC.

The profitability crisis occurs when producers' prices have remained below production costs and inflation. For instance, corn producers had an average increase of 12.6 percent in their prices last year, while the inflation rate was 19.46 percent.

The reasons Ospina has said stem from the current situation are as follows: 1. the increase in imports, which was 77.5 percent until April-May 1996, compared to last year, based on the bills of lading.

"The Colombian agricultural industry has become 'Venezuelan- ized;' in other words, it has become dependent on imports, as is the case with Venezuela," Ospina has said.

A second reason stemming from the current situation is the farmers' high levels of indebtedness, along with high interest rates, "which make access to credits impossible."

A third reason is everything that happens outside the farms, such as, among others, the political crisis.

Preliminary Figures

The first estimates the SAC made public yesterday indicate that the worth of the agricultural sector will increase by 2.9 percent this year and by 3.8 percent not considering the coffee industry.

At any rate, with or without coffee, the growth will be lower than last year's, when it reached 5.2 percent and 4.3 percent, not considering the coffee industry, according to SAC figures. The prices of coffee themselves will fall by 5.1 percent this year.

The concern the SAC leaders have emerged when these overall percentages, which point to the fall of the agricultural sector, are deciphered.

According to the SAC, the agricultural sector will grow by only 0.6 percent this year. It grew by 3.8 percent in 1995.

The little growth in the agricultural sector is marked by temporary crops (among others, corn, barley, wheat, sorghum, soybeans, and short-cycle oilseeds), which are produced twice a year.

In fact, according to the estimates based on the associations' projections, the production of temporary crops will fall by 3.4 percent. They also had a negative, 2.2 percent fall last year. This fall pertains both to sowed areas and production. While there were 1.815 billion hectares last year, there are now 1.734 billion. As for production of these temporary crops, estimates indicate that 7.743 billion tons were produced last year and that 7.352 billion tons will be produced this year.

The fall in temporary crops is believed to be a delicate issue in any country, because it constitutes the most dynamic, agricultural segment; in other words, it is the most commercial segment, because it moves the most.

Temporary crops are the ones that create more jobs, the ones that, to a larger extent, promote the sale of elements

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necessary for production and machinery, and the ones that move more means of transportation.

The SAC figures also indicate, however, that the sector's total growth is supported by the livestock sector, cattle and poultry.

Nevertheless, just as the SAC sees it, the seemingly good performance by the cattle raising sector does not translate into prosperity, because it is based on the increase in the number of animal slaughters.

Ecuador

Ecuador: Armed Forces Deny Peruvian Media on Coup Plans

PY2506214596 Quito Voz de Los Andes in Spanish 2300 GMT 24 Jun 96

[FBIS Translated Text] The Ecuadoran Armed Forces will not carry out a coup if populist presidential candidate Abdala Bucaram wins the runoff presidential elections on 7 July, as reported in the Peruvian press.

A spokesman of the Ecuadoran Foreign Ministry said the Armed Forces are loyal to the Constitution and the laws, that the Armed Forces will respect the will of the Ecuadoran people as stated on previous occasions. This denies a Lima press report in this regard.

[Madrid EFE in Spanish 1633 GMT on 25 June reports from Quito on a communique released by the Ecuadoran Armed Forces Joint Command rejecting the report published by the Peruvian EL SOL daily that a coup named "Zorro" is being prepared if populist Abadala Bucaram wins the runoff elections. The communique says the press report "is not true, that it is a biased report to discredit the Armed Forces and misinform the people."]

Ecuador: Nebot Questioned on Specific Economic Issues

96SM0378A Quito HOY in Spanish 14 Jun 96

[Article: "Nebot Clear in Theory" — received via Internet]

[FBIS Translated Text] Investment in people and improvement of basic services are the natural results of a correctly conceived process of modernization, in the opinion of presidential candidate Jaime Nebot. By making the state into a more efficient organization, resources will be made available for increased social investment.

Bringing the size of government into line with the national reality does not necessarily mean layoffs. The case of Emetel [Ecuadoran Telecommunications Enterprise] is a specific example. The agency and its employees are no longer part of the government, which as a result is smaller; but the workers were not fired.

A Finely Tuned Financial System

With regard to the control mechanisms for the financial industry, Nebot believes that the crisis in that industry is not due solely to a lack of controls.

"The solidity of a bank is a reflection of its loan portfolio, and this in turn is a reflection of the country." The leadership of the country therefore has a great deal to do with the solvency of the system.

A key element in the country's situation is excessively high interest rates. The lack of confidence, the lack of liquidity and of domestic savings, and the use of the Central Bank's money table to promote a supposed exchange-rate stability have caused a disproportionate increase in interest rates.

In addition, control controls have been "neither professional, nor adequate, nor timely," says Nebot. "The financial system must be managed skillfully and responsibly because it is based on confidence." There has been too much freedom in the creation of financial institutions within and outside of the industry.

With regard to subordinate credits for banking institutions in trouble, Nebot believes that if the collapse of a bank can affect the entire banking system, then the Central Bank must intervene, but with every guarantee for the protection of the state's money.

Growth and Recession

Nebot was emphatic regarding the possible recession that the new government might face in having to comply with payments to the Club of Paris and to private creditors, and with the demands of the international organizations.

"The IMF should not dictate a country's internal policies," the candidate categorically stated. Nebot recognizes the importance of agencies like the Fund, but he rejects "the government's submission to these organizations."

It is necessary to negotiate "wisely." The conditions laid down by these organizations should include measures for economic growth: reduction in the size of government, effective tax collection, and legal use of monetary reserve surpluses.

On the contrary, the conditions that they impose, focused exclusively on fiscal accounting, lead to a "capability of nonpayment" and recurring renegotiations.

"If we do not grow economically, how are we going to pay our debts?" observed Nebot.

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The system of asphyxia by the application of recessive measures has not been successful. Only with growth and a state that is better administered and spends less can we move forward, the candidate observed.

A Candidate "Obsessed" by Production

In Nebot's view, a great mistake of the outgoing government has been to approach inflation without considering production. Inflation cannot be controlled from a "monetarist" point of view exclusively, he commented, because "the real factor in controlling inflation while preserving well-being is production, and this has been destroyed."

With regard to the lack of precision in the macroeconomic objectives of his government program, the Social Christian candidate said that what is important is how the goals are achieved. "The goals are concepts and actions to achieve them, but they are not numbers, which can resist anything."

As for the policy of production and its relationship to interest rates, the policy will be conducted on two fronts:

- An attempt will be made to lower interest rates by simultaneously restoring confidence and liquidity in the system to avoid a speculative spiral and to stimulate investment. The utilization of interest rates as a function of the exchange-rate has caused excessively high interest rates during this government. "The only real regulator of the economy, production, cannot be smothered," the candidate warned.
- Encourage production by means of temporary preferential interest rates higher than the rate of inflation and taking operating costs into account. These rates will be reserved for selected sectors and products. This policy must be carefully supervised to avoid diversions.

Production More Important Than Interest Rates

The candidate is opposed to the use of interest rates as the principal instrument in maintaining a fictitious exchange rate. Nevertheless, he believes that the government has managed this program successfully during the past year and that a real exchange rate exists. Therefore, he does not anticipate a large scale depreciation of the exchange rate. Nebot warns that the rest of the economy should not be distorted by a false parity, nor should the economy subsidize one.

His government will implement a policy in which interest rates are a means and not an end. Nebot does not deny the validity of the policy of using interest rates, but he deplores the fact that production is absent from that policy.

His "obsession with making the country produce" is rooted in the fact that production fights inflation much more effectively than monetary adjustments that ruin production. If inflation can be regulated by production, so also can the exchange rate be regulated.

The IESS Will Not Be Privatized

On the controversial subject of social security, Nebot stated emphatically that he will not privatize it. "It is indispensable that it exist and that it be strengthened, even if competition may eventually be permitted."

What must be done, however, according to Nebot, is to transform the Ecuadoran Institute of Social Security [IESS] through collection of the money owed to it by the state, the sale of unproductive assets, and the transfer of its funds from affiliates of the Central Bank to the financial system, where they will generate interest for use in improving old age and health care.

The principle of solidarity and insurance for the peasants will be retained.

Competition will be allowed later, if the people so decide, said the Social Christian leader.

No "Economic" Names Mentioned

Finally, with regard to possible collaborators in the economic field, Nebot simply said that the person responsible for the conduct of economic policy will be the president of the republic.

[Box]

Invest, Produce, and Grow? by Fernando Pozo

Jaime Nebot demonstrated clarity and coherence throughout in replying to a long series of questions on economic matters.

The central message was based on the need to stimulate production as a basic element in putting the economy to work.

He would go about this by instilling confidence in the country, lowering interest rates, and by creating and stimulating investment.

While his reasoning is logical, it is consistent within the context of a stabilized economy; it is weak, however, in not attacking the central problem of how to manage the transition from the difficult current situation and the desirable situation he describes, in which the economic protagonists are confident, produce, and invest.

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The candidate left a question mark over the monetary and exchange-rate policies his government will follow. While he is critical of the current system of exchange-rate controls by means of high rates of interest, Nebot expressed his agreement with the exchange-rate level now in effect, which suggests that the dollar will not require adjustment.

This line of reasoning will require the modification of monetary and exchange-rate policies, unless the mere presence of Jaime Nebot in the presidency will be enough to restore confidence and generate an inflow of funds from abroad that would allow lowering interest rates and maintaining the exchange rate.

The impression Nebot left was one of knowledgeability of economic matters and clarity of thought — without specifying, however, how to manage the transition from the current situation to the one he envisions.

[Box]

Interest Rates the New Anchor by Jose Carrera

The basic objective of Jaime Nebot's proposal is reactivation of the economy by means of an increase in production. It is inferred that fiscal policy would be consistent with that objective. Nebot would finance increases in social spending by improving tax collection and reducing or reallocating other spending.

Monetary policy would favor greater control of interest rates. It could be expected that interest rates will be the new "anchor" of economic policy, and would replace the "exchange-rate anchor" in effect since September 1992.

One could also expect that there will be more freedom in the use of the Central Bank's brand of intervention.

As for the financial system, the candidate proposes to strengthen the oversight capability of the Superintendency of Banking to ensure an efficient financial system. Similar principles would govern corporations.

Ecuador: Foreigners Arrested With Cocaine, Heroin

96GE0052A Guayaquil EL UNIVERSO in Spanish 8 Jun 96 p 18

[Unattributed article: "Heroin Seized at Quito Airport"]

[FBIS Translated Text] Quito. Two foreigners were arrested at Mariscal Sucre Airport when they attempted to take out of the country a sizeable quantity of prohibited substances that were concealed inside the walls of their luggage.

The importance of this new seizure lies in the fact that one of those involved was carrying 1,563 grams [as published] of heroin, which shows that heroin and other more conventional drugs are opening the way for more expensive drugs in the black market, and which have not been very common in this area.

An Israeli With Cocaine

Agents of Interpol arrested Israeli citizen Alexander Altschuler at the airport when he attempted to board a flight while carrying a suitcase that contained 2,717 grams of cocaine.

Following enquiries, it could be ascertained that the narcotic once again came from Colombia. According to a statement by the suspect, he arrived from Bogota 15 days ago to make the contact to acquire the drugs.

In the Colombian capital he was told to travel to Quito, where someone would locate him and hand over the drugs.

While he was lodged in a well-known hotel, a person identified only as Alex gave him two suitcases and an airline ticket to Europe.

Nevertheless, at Mariscal Sucre Airport he was unable to evade the vigilance of antinarcotics elements of the National Police, who were able to find the drugs with the assistance of trained dogs.

A Colombian With Heroin

A Colombian, Hernando Palacios Velasco, was also arrested at Mariscal Sucre Airport when he tried to take 1,513 grams [as published] of heroin to the United States hidden in the internal walls of his luggage.

According to Interpol, the accused has been a resident of the United States for several years. However, he returned to Colombia a month ago to visit friends and relatives.

Palacios told Interpol agents that during his visit to his native country he met Juan Rincon, who asked him to carry the suitcase to the United States.

The alleged drug trafficker travelled to Quito by land, and once in the city he tried to take the drugs to New York. However, he was arrested by the Ecuadoran police.

Ecuador: Drug Seizures in Border Provinces Reported

96GE0052B Guayaquil EL UNIVERSO in Spanish 8 Jun 96 p 18

[Article: "8,639 Grams of Narcotics Seized at the Border"]

[FBIS Translated Text] *Chemicals for drug processing also seized*

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Quito. Interpol agents assigned to border areas were successful last week in being able to seize 8,639 grams of cocaine which were being brought into the country through Carchi and El Oro provinces.

Also seized were 300 cylinders of household gas and 1,155 gallons of hydrochloric acid for cocaine processing, which were being brought in through the Colombian jungles of the Putumayo, where there are a great many clandestine laboratories.

Mario Osvaldo Macias Saldarriaga and Patricia Lassama Ramirez were stopped at the Rumichaca bridge when they tried to bring in 4,480 grams of cocaine concealed in a black briefcase and a suede jacket.

The drug couriers told Interpol that the psychotropic substance was to be delivered in Quito to a foreigner named Karl Wirths.

The operation was immediately expanded to Quito, where an attempt was made to locate the supposed businessman. However, it was later determined that the trail was false.

The briefcase contained 3,010 grams of cocaine, which were concealed in its sides, while 1,470 grams were concealed in the lining of the jacket.

In addition, Interpol agents were also successful in El Oro province, when they arrested Omar Romero Armijos, Jose Pazmino Veintimilla, Corina Ruiz, Carmen Eras Alvarado, and Vicente Arcentales Agredas, all Ecuadorians, and Victor Iman Farfan, a Peruvian, when they arrived at Huaquillas with 4,159 grams of cocaine paste and 735 grams of cocaine base. Also seized was a Chevrolet twin cab van, license plate GJA-459.

It was learned from the statements of the accused that the ultimate destination of the illegal material was the city of Guayaquil.

Chemicals in Nueva Loja

In Nueva Loja as well, 300 cylinders of household gas and 21 55-gallon drums of hydrochloric were discovered that were intended to be smuggled into Colombia. The chemicals are used in the processing of cocaine.

According to the police report, the police had considerable difficulty in gathering the evidence, since the criminals threw it into thickets of scrub and into the Conejo river.

[Box, p 18]

El Oro Interpol Captures Drug Traffickers by Jacinto Castro

Machala. Six persons were arrested by the Interpol of El Oro, among them a Peruvian, for involvement in drug trafficking. The arrest of the alleged traffickers occurred following an operation that began on 25 May in Chacras parish, Arenillas canton.

According to Interpol's preliminary investigation, on 25 May Corina Ruiz Robles, 43 years of age and a resident of Chacras, was arrested together with her live-in partner Vicente Alejandro Arcentales Agreda, while they were driving from Huaquillas to Chacras in a green Chevrolet twin-cabin van, license number GJA-459.

The van was confiscated during the operation because concealed in it was a crowbar shaped package containing 1,360 grams of cocaine, hidden in metal tubes built into the chassis.

The two persons arrested were taken to their residence, where Interpol agents discovered 735 grams of cocaine base in an envelope behind a kitchen shelf, and two envelopes containing 2,785 grams of cocaine in a bedroom. The drugs were confiscated and the prisoners brought to Machala city.

A Peruvian Arrested

From interrogations of the two prisoners, it was learned that they had received the drugs from Omar Romero Armijos, who in turned had received them from the Peruvian Victor Farfan. Interpol agents then arrested both Romero and Farfan.

Also arrested in Huaquillas was Carmen Victoria Eras Alvarado, who was accompanying Corina Ruiz Robles to Guayaquil to deliver the drugs to Jose Santiago Pazmino Veintimilla, a Guayaquil city bus driver who lives in Fertisa.

Pazmino, who was also arrested and brought to this city, had received a kilo and a half of cocaine paste from the traffickers on the same day — 24 May — on which Corina Ruiz and her partner were arrested.

In their declarations, the prisoners said that they began their activities in drug trafficking when the conflict over the Cenepa broke out between Ecuador and Peru.

The Police Command of El Oro has announced that the six persons arrested for drug trafficking are being held in Machala jail and are being subjected to the usual interrogations.

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Paraguay

Paraguay: Oviedo Blames Wasmosy for Apr Crisis

PY2506174596 Asuncion ABC COLOR in Spanish 23 Jun 96 p 2

[FBIS Translated Text] Retired General Lino Cesar Oviedo on 22 June said that his "great crime" was to not belong to the "corrupt and greedy" project. He accused the president [Wasmosy] of being responsible for the April crisis and repeated that Wasmosy had suggested to him the possibility of a self-inflicted coup which he called "wasmozazo." He said that the chief of state is the one who should be expelled from the ANR [National Republic Association- Colorado Party]. He also said that [former President] General Andres Rodriguez is the person most familiar with the drug trafficking problems and that Vice President [Angel Roberto] Seifart is "lazy."

On 22 June the retired general was interviewed by Radio Cardinal, with court authorization. On the occasion he reasserted his charges against President Wasmosy whom, he said, was "incapable, corrupt, and a coward." He said that the reason for his dismissal from the Armed Forces, according to a comment by Wasmosy, was because the so-called Oviedo-Riquelmista [supporters of Oviedo and ANR leader Blas Riquelme] senators did not approve the construction of a bridge over the Parana River and the issuance of bonds.

From his military prison in Itaugua the military man maintained that "my great crime is being against corruption. I do not fit into the plans of Rodriguez, Wasmosy, and [ANR Chairman Luis Maria] Argana."

Although at first he refused to discuss his possible expulsion from the ANR, he then said it would be impossible. He said that eight days before he retired he recovered his membership status within the ANR with Argana's endorsement. Oviedo added that Wasmosy is the one who should be sanctioned because he signed his request for of a leave of absence, leaving the Presidency in Congress' hands.

In view of the journalist's insistence about what he will do in case the ANR court decides to punish him drastically, Oviedo explained the three meanings of UNACE [National Unity of Ethical Colorados] (1.National Unity of Ethical Colorados. 2. National Unity of Ethical Peasants. 3. National Unity of Fellow Countrymen and Foreigners.) He added that, if need be, he could become independent, like "Caballero Vargas" [founder of the National Encounter Movement, PEN].

When asked what he would do if Argana offers to help him recover his freedom in exchange for him casting aside his desire to run for the Presidency, the charges of corruption, and other charges against Argana's team, Oviedo answered: "Politics entails administering reality."

He said he did not agree with Fidel Castro because he is anti-democratic, with Hitler because he was a murderer, with Mussolini for having sided with two parties. He chose not to refer to Aldo Rico [former "Painted Faces" leader and now senator in Argentina] because he considers him an unimportant personality. He said that Stroessner started his administration well but was ousted because he did not adjust to the democratic precepts.

He said that Caballero Vargas was "a good businessman." About Domingo Laino [Authentic Radical Liberal Party leader], he said he is a sharp politician who knows his way around. About [PEN Chairman Carlos] Filizzola, he said he is far from being a politician, that he is a better union leader. He said that Argana is a sharp politician and Seifart "lacks charisma, has no guts, and is lazy." As for [Congress Chairman Milciades Rafael] Casabianca, he believes he is sensible and moderate and accused Wasmosy of being "incapable, corrupt, and a coward."

He said that the president administered the Army budget through the Logistics Command. Oviedo commented: "He (Wasmosy) administered the Logistics Command and Digetren [Army Transportation General Directorate] without accounting for expenditures."

He insisted that Wasmosy was the only person responsible for the military crisis for not doing his job as commander in chief and president of the Republic.

He added: "The president used me to persuade Riquelme. He was scared stiff of Argana, now...he must have found a way to calm him...." He added that Wasmosy, politically speaking, wanted CODEM [Democratic Colorado Faction] to intervene in the internal ANR elections, through judicial actions, and economically speaking he sought the approval of the construction of the bridge over the Parana River and the issuance of bonds.

Paraguay: President Wasmosy Criticized

96SM0396A Asuncion NOTICIAS in Spanish 9 Jun 96 p 8

[Commentary by Jose Nicolas Morinigo: "Wasmosy Has the Floor"]

[FBIS Translated Text] President Wasmosy speaks when he should be quiet and is quiet when he should speak. This dangerous ability to do exactly the opposite of what he should do is creating a situation of anarchy in the communications between the chief executive

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and citizens. It also has very dangerous consequences, because modern society requires information in order to weave the complex web of economic, political, and social acts that are performed every day and that assure the continuity of social life.

The accusations made before the Bicameral Investigating Commission (CBI) by a retired rebel general who refused to obey an order from his commander and who later negotiated a way out via a phoney exit, cannot persist without reply. This is not the place to examine the good sense or mental balance of the accuser, but rather to look at before whom and under what circumstances the accusation was made, and its effect on public opinion.

The retired rebel general made accusations before a state authority possessing the highest level of representation of the popular sovereignty. Before a commission of Congress, he accused the president of having attempted to carry out a self-coup in order to break with the process of democratic institutionality. The president of the Republic and commander in chief of the Armed Forces has the obligation to reply to this accusation, because silence in this situation has a devastating effect on the credibility of republican institutions, on the credibility of Paraguayan society as to its ability to create a system of rational power, and finally, it creates a climate of anarchy and insecurity that affects the life of the entire society.

The coup attempt has not yet ended, because a clear decision has not been taken pertaining to that fact, its shadow continues to interfere with the political as well as the economic areas.

Paraguay as a state and as a society is less credible after the coup attempt than before, because the effects of the failed coup have not been resolved in democracy's favor. Rather than being the starting point to clarify the antidemocratic position of the rebel general, it is becoming the starting point of an attempt to relaunch itself into the political arena.

An end must be made of this mess. No one with any sense can doubt that on 22, 23, and 24 April, the retired general was the protagonist of an action contrary to the order that must prevail in the nation's Armed Forces. The judiciary must be responsible for clarifying and defining the fact in the legal field, but President Wasmosy must know that the consolidation and credibility of the political system require a response as well, so that he has the urgent duty to answer the accusations of the retired rebel general.

The CBI should send the president a carefully prepared questionnaire so that the president can explain all of the details of the military crisis. This reply would also imply recognition of Congress as holding public power and as a way to demonstrate the respect of the chief executive, beyond mere words.

There are times and circumstances when accusations can pass unremarked, but in the case of the accusations of the retired general before the CBI, a reply is obligatory. President Wasmosy has the floor. We hope, and even more we pray, that this time he will use it wisely.

Peru

Peru: New National Election Board President Installed

PY2406194896 Lima EL COMERCIO in Spanish 21 Jun 96 p A1

[FBIS Translated Excerpt] Alvaro Chocano Marina was sworn in yesterday as the new president of the National Election Board, JNE, replacing Ricardo Nugent Lopez-Chavez who has been appointed justice of the Constitutional Court.

The ceremony was held yesterday at the JNE headquarters.

As Chocano represents the Supreme Court before the JNE (like his predecessor), he becomes the JNE president. [passage omitted]

Peru: Survey Gauges Popularity of Government Officials

PY2106232496 Lima GESTION in Spanish 20 Jun 96 p 2

[FBIS Translated Excerpt] While the approval rate of President Alberto Fujimori and his administration rose in June, the popularity of Alberto Pandolfi Arbulu, president of the Council of Ministers and minister of fisheries, plummeted by 33 percent from May to June. The public opinion poll conducted by the polling firm Apoyo shows the chief of cabinet obtained an approval rate of only 26 percent, which is well below the 59 percent in May, against 25 percent who disapprove of his performance. Nearly half of those surveyed (49 percent) declined to voice their opinion of the minister.

Quite the opposite occurred with Congress President Martha Chavez, Minister of the Presidency Jaime Yoshiyama, Economy and Finance Minister Jorge Camet, and Lima Mayor Alberto Andrade, whose popularity rose between three and five points.

Another subject surveyed pertains to the letter of intent Peru signed with the IMF. The poll showed that 71 percent believe it will be beneficial for the country against 18 percent who opposed it. [passage omitted]

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Apoyo also found that the Popular Participation Program is riding high: 68 percent of those polled believe it helps to boost personal savings; 65 percent believe it will increase domestic savings; 59 percent said it will help people to buy property; 66 percent consider it good for the country in general; and 63 percent feel the program is beneficial for people in general.

Uruguay

Uruguay: Joint Declaration With Paraguay Detailed

PY2506160596 Montevideo EL PAIS in Spanish 12 Jun 96 p 7

[Article by Carlos Pauletti in Asuncion, Paraguay]

[FBIS Translated Text] Uruguayan President Julio Maria Sanguinetti and Paraguayan President Juan Carlos Wasmosy sanctioned on 11 June their two countries' support for the establishment of a regional working group that will help prevent money laundering. The two presidents also supported the idea of holding a special antinarcotics UN General Assembly.

In addition, they reiterated their commitment to the integration process under way within the Common Market of the South [Mercosur], its institutional strengthening, and the deepening and consolidation of the customs union through improved mechanisms that may ensure the free movement of people and assets.

The two presidents also decided to promote closer cooperation in the area of tourism through the Mercosur Specialized Tourism Meeting.

Wasmosy and Sanguinetti have signed a joint declaration that summarizes the results of the official visit the Uruguayan president is paying to Paraguay, especially the two accords signed during a ceremony held at the Paraguayan Government House, also on 11 June.

One of the accords refers to International Legal Assistance between the two countries' administrations. This will improve effectiveness, security, and swiftness in transmitting, processing, and compliance with rogatory letters issued by the respective courts organizations.

The second accord refers to a complementary accord for technical cooperation between the two countries' Agriculture and Livestock Ministries. The objective of this accord is to achieve a more effective cooperation in the area of agricultural and livestock production.

The ceremony was held at the elegant Independence Hall of the Government House and was attended by Sanguinetti's official entourage, as well as by Paraguayan ministers and other high-ranking officials.

In its two first clauses, the joint declaration expresses the two countries' traditional support for democratic processes and the American continent's solidarity with the defense of fundamental freedoms, as well as of the consolidation of democracy in the region. On the occasion, Wasmosy expressed his gratitude for the support the Uruguayan people and administration have granted him during the recent crisis that endangered Paraguayan democracy.

Later on, the two presidents congratulated each other for the establishment of the ad-hoc committee that will update the terms of the Accord on Cooperation in the Field of Education that is already in force in the two countries, and thus adjust it to the integration process being experienced in the region.

President Sanguinetti then thanked the Paraguayan Government for having donated to the Uruguayan Republic the piece of land where General Jose Artigas lived, at San Isidro de Curuguayty, from 1820 to 1845. Sanguinetti confirmed the Uruguayan Government's plans to construct a socio-cultural institution in the so-called "Artigas Mansion" in order to perpetuate the memory of Artigas, aka Free Peoples' Protector, and in gratitude for the Curuguayty village's hospitality.

After confirming the mutual interest shown by the two countries' entrepreneurs during the meeting held on the night of 11 June at the Guarani Hotel, which was attended by more than 200 businessmen, the two presidents emphasized the two countries' increasing bilateral trade and recognized that this increase is still insufficient in view of the two countries' vast potential for trade growth.

The joint declaration also deals with the topic of port facilities. In this regard, the two presidents confirmed the conclusions reached in the meeting held by port authorities of the two countries and the facilities granted to Paraguay in the ports of Montevideo and Nueva Palmira.

Regarding this issue, President Wasmosy promised that his country will meet Uruguayan claims and adopt the reciprocity principle. He said the Paraguayan administration "will adopt, as soon as possible, the measures required for the implementation of administrative measures that prove necessary in order to meet Uruguayan claims in fields of: training Uruguayan pilots in Paraguayan vessels, effective elimination of the hull reservation principle in Paraguayan vessels, and banning of consular intervention for fluvial and maritime traffic. Uruguay also requested the possibility of Uruguayan vessels employing Paraguayan pilots as members of the crew navigating along the Paraguayan River without having to hire new pilots, and hiring Uruguayan crews to pilot Paraguayan vessels.

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In another paragraph of the joint declaration, the Paraguayan president thanked the Uruguayan Government for its support for the beginning of the construction at Barranca de los Loros, in the Nueva Palmira Free Zone. This construction will consist of building the appropriate facilities for the transfer of grain and other kinds of cargo, particularly coming from or earmarked for Paraguay.

Sanguinetti confirmed the Uruguayan decision to support private enterprises and both presidents agreed on a six-month term for the presentation of the executive project and six more months for the beginning of the construction work, starting after the approval of the final project.

The two presidents also promised to instruct their respective officials to create mechanisms allowing a swifter admittance of Paraguayan vehicles into Uruguay and expressed their support for the binational mixed committee, which they deem an effective mechanism to accompany the implementation of projects of a common interest.

Wasmosy also expressed thanks for the offer made by the Uruguayan Children's Heart Institute for the establishment with Paraguayan authorities of different types of cooperation mechanisms leading to the use of the technological infrastructure already being employed in Uruguay and for the possibility of extending this assistance to Paraguayan children with heart problems.

In the field of energy, it has been reported that an Inter-Entrepreneurial Working Group will start holding meetings in July in order to study the possibility of selling the National Electric Power Administration's electrical energy to the Uruguayan State Electric Power and Telephones.

The two presidents also committed themselves to promoting the modifications and changes contemplated in the River Plate Basin Treaty in order to adapt the treaty to current dynamics both in the institutional and legal spheres.

As to the Paraguay-Parana waterway, Sanguinetti and Wasmosy emphasized the progress already achieved in the laying down the framework for its implementation and agreed to point out "the importance of putting into force, in the short term, of the provisions that have been approved by the inter-gubernatorial committee in order to ensure that the terms of the Fluvial Transportation Accord for this waterway fully complies with the objectives that the signatory countries established for it."

The two chiefs of state have rejected terrorism in all forms, confirmed their commitment made within the framework of the Rio Group to jointly fight it through all possible legal means, confirmed their administrations' policy of fighting corruption through cooperation mechanisms, and expressed their support for the Inter-American Convention Against Corruption, which was signed in Caracas on 29 March.

They also confirmed their administrations' commitment to fighting drug trafficking and all related crimes, and pointed out the importance of establishing the accomplice principle as an essential mechanism to succeed in really reducing supply and demand for illegal drugs. They have also agreed on the importance of cooperating in the implementation of development programs seeking to reduce drug production.

Sanguinetti and Wasmosy also supported the work of the OAS Inter-American Committee for the Control of Drug Abuse and of the actions in the continent of the Working Group of Antinarcotics Strategies, "the result of which will represent a historic deed that will create a new, modern, and updated view of the drug problem, from a global and multidisciplinary prospect, will contemplate that all countries of the continent must share the responsibility of considering the various aspects of the phenomenon, in an overall and balanced manner, and strict compliance with the domestic legal order of each different country and with full respect for the principles of international law, particularly those regarding national sovereignty, territorial integrity, and that of nonintervention in the domestic affairs of other countries."

Concluding, the joint declaration confirmed that the Rio Group represents the specific Latin American forum for the establishment of accords and political dialogue, as well as the two countries' support for the strengthening of the OAS as the organization that promotes and ensures the establishment of the political and democratic institutions of the countries of the American continent.

Uruguay: Poll Says Government Criticized on Labor Issues

PY2506120396 Buenos Aires TELAM in Spanish 1644 GMT 23 Jun 96

[FBIS Translated Text] Montevideo, 23 Jun (TELAM-SNI) — A poll released here today by local media indicates that 74 percent of Uruguay's inhabitants are critical of the administration of President Julio Maria Sanguinetti over its problems in the labor sector.

A poll conducted by the Cifra [expansion unknown] polling company indicates that, upon assessing positive and negative opinions on various issues, the labor problems being experienced by the nation are the

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most negative ones (over the employment and underemployment issue).

Negative opinions on labor issues totaled 66 percent, whereas the negative opinions on the economic management of the administration of the traditional Colorado Party totaled 47 percent.

Negative opinions on public security totaled 21 percent and negative opinions on health problems totaled 6 percent. Positive opinions involved education issues, with 1 percent; environmental issues, with 13 percent; and tourism issues, with 38 percent.

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